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Leader self-enhancement

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Leader Self-enhancement

An Interpersonal Approach

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An Interpersonal Approach

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Chapter 1

Introduction

*“...the boy began to delight in his daring flight, and abandoning his guide, drawn
by desire for the heavens, soared higher”*

Ovid – Metamorphoses, book VIII (translation by A.S. Kline)

Ovid’s Metamorphoses tells us the familiar myth of Daedalus and his son Icarus who are being held captive by Crete’s king Minos. In an attempt to escape from the island Daedalus constructs wings of birds’ feathers and bees’ wax for Icarus and himself. Tying the wings to their arms they are able to fly to freedom. Before taking off, Daedalus warns Icarus not to fly too low as moist from the sea will soak into the wings making them too heavy to fly, but also not too high as the sun’s heat will then melt the wax damaging the wings. They take off and as they fly towards freedom Icarus starts to delight in his new found ability to fly. Not heeding his father’s warnings he soars higher and higher and comes too high and too close to the sun. The wax starts to melt, the wings break apart, and Icarus plunges to his death in what is now known as the Icarian Sea.

In many ways Ovid’s myth of Daedalus and Icarus’ is an early account of self-enhancement. Self-enhancement refers to people’s overly positive perceptions regarding their own abilities, performance, contributions, chances of failure or sickness, etc., and is considered a universal human tendency (Leary, 2007; Sedikides, Gaertner & Toguchi, 2003; Taylor & Brown, 1998). Abundant research has demonstrated self-enhancement to be one of the main drivers of human behavior and cognition (Leary, 2007). It would reach beyond the scope of the present thesis to provide an extensive overview of this research and literature (for a limited overview, see e.g., Dunning, Heath & Suls, 2004), but several examples adequately illustrate the wide variety of phenomena that can be attributed to self-enhancement: smokers tend to perceive they have a much lower chance than the average smoker to develop smoking-related diseases such as lung cancer (Weinstein, 1987); college students are apt to highly overestimate their performance on tests (e.g. Dunning, Johnson, Ehrlinger, & Kruger, 2003); and individuals’ reports of contributions to a group task typically add up to far above 100% (e.g. Savitsky, Van Boven, Epley, Wight, 2005).

Self-enhancement in the leadership domain

Because self-enhancement is so abundant, it comes as no surprise that it also pervades the work domain, and, more specifically, the leadership domain. Around the time of the start of this doctoral project, the trial against former Ahold CEO Cees van der Hoeven and several of his fellow board members commenced. They were being tried for their part in the ‘side letters’ scandal that caused Ahold stocks to plummet in February 2003, and to the near downfall of the extremely successful company altogether. In his book ‘Het Drama Ahold’ Jeroen Smit (2004) provides an in depth analysis of the events that led up to the scandal. One of the conclusions was that board members had been blinded by the company’s success, had become overly confident, and, as a consequence, had started to take highly risky decisions. Like Icarus, Ahold’s top management fell victim to self-enhancement. Ahold is not an isolated case, but is illustrative for CEO and top management overconfidence (e.g. Malmendier & Tate, 2003; Dunning et al., 2004); over the last years self-enhancement has been repeatedly named as explanation for various organizational crises and scandals (e.g. the financial crisis). However, self-enhancement is not confined to organizations’ upper echelons but found at all organizational levels (e.g., Dunning et al., 2004; Fleenor, Smither, Atwater, Braddy, & Sturm, 2010; Stoker & van der Heijden, 2001).

The myth of Icarus and the Ahold anecdote ‘do not paint a pretty picture’ when it comes to the consequences of self-enhancement. This is consistent with research showing that leader self-enhancement is typically associated with lower performance and career derailment (for an overview see, Fleenor et. al, 2010). However, such research is relatively scarce compared to the vast amount of research attention self-enhancement in general has received. Therefore, the present dissertation seeks to advance our understanding of leader self-enhancement and of how these overly positive self-perceptions affect leader effectiveness.

Why *would* leaders self-enhance?

People generally desire to maintain and increase a positive self-concept, and through self-enhancement they are able to satisfy that desire (Leary, 2007). Self-enhancement bolsters self-esteem and leads to a pro-active orientation, thereby increasing an individual’s chances to effectively manage uncertain, stressful, and harmful environments (Taylor & Brown, 1988). Indeed, it was their self-enhancement (i.e. their belief they can fly to freedom) that enabled Daedalus and Icarus to try to escape from Crete. Many empirical studies have

confirmed the notion that self-enhancement promotes well-being. For example, research has shown that people who self-enhance are able to better handle and recuperate from highly stressful events (e.g., Bonanno, Rennie, & Dekel, 2005), and that they show less anxiety and more confidence (e.g., Taylor & Brown, 1994; Taylor, Lerner, Sherman, Sage, & McDowell, 2003a). Moreover, self-enhancement's merits are not confined to just the psychological domain, they can even promote physical health, reflected in lower levels of stress hormones for instance (e.g., Segerstorm & Roach, 2007; Taylor, Lerner, Sherman, Sage, & McDowell, 2003b).

Leaders might also benefit from self-enhancement. Leaders are confronted with ever changing demands and towering expectations as organizations need to readily adapt to the fast-paced changes in the global economy and consumer demands. Moreover, leaders not only need to guide such change, they also need to constantly change themselves to accommodate to their changing roles (Stoker, 2005). Combined with the high expectations that subordinates typically have of their leader (e.g. Kenney, Schwartz-Kenney, & Blascovich, 1996; Sosik, Potosky, & Jung, 2002) this constant change and the necessity of personal development put pressure on leaders to portray themselves as 'good leaders'. As a means of coping with such pressure leaders may engage in self-enhancement. Through self-enhancement leaders may either counter self-doubt and consequently bolster their sense of self-efficacy or simply promote the leadership qualities they possess (Gray & Densten, 2007; Jung & Sosik, 2006). Thereby they can exude the confidence necessary for them to command the loyalty of their subordinates (cf. Chemers, 2002). For example Richard Branson, CEO of Virgin, commands such loyalty, because he, through his self-enhancement tendency, portrays an image of a strong, confident, highly optimistic leaders (Jung & Sosik, 2006).

However, strong evidence from research on self-enhancement in general exists that suggests that overly positive self-perceptions could also be highly detrimental for leader effectiveness (e.g., Anderson, Srivastava, Beer, Spataro & Chatman, 2006; Colvin, Block, & Funder, 1995; Paulhus, 1998; Yammarino & Atwater, 1997). Self-enhancement is associated with faulty risk assessment (Weinstein, 1987), reduced motivation to develop oneself (Yammarino & Atwater, 1997), and the discarding of feedback (Dunning et al., 2004). Moreover, people just do not like other people who self-enhance. Self-enhancers are typically seen as arrogant, hostile, insensitive and lacking empathy (e.g., Colvin et al, 1995; Paulhus, 1998), and may face social exclusion

(Anderson et al., 2006). Thus, although leaders' feelings of self-esteem and self-efficacy may be boosted by self-enhancement, their interpersonal relationships may suffer greatly. Because leadership is an interpersonal (influencing) process by definition (Yukl, 2010) leader self-enhancement may thus be highly detrimental for leaders' ability to lead people. Consistent with this claim, prior research has repeatedly demonstrated a negative link between leader self-enhancement and leader effectiveness (for an overview, see Fleenor et al., 2010).

The majority of studies on leader self-enhancement has taken a self-other agreement perspective, and argues that a leader's self-perceptions of his/her leadership should be accurate. In order for them to be effective, leaders' perceptions of their leadership behavior should match how their leadership is experienced by their subordinates. Only then can leaders be sure that their attempts to influence subordinates are sufficient. Typically, these studies categorize leaders into three categories: under-estimators, in-agreement, and over-estimators (e.g. Yammarino & Atwater, 1997; Moshavi, Brown, & Dodd, 2003; Ostroff, Atwater, & Feinberg, 2004; Van Velsor, Taylor, & Leslie, 1993) and show that especially over-estimators have lower performance in various domains as opposed to in-agreement leaders and under-estimators. Leaders who over-estimate their leadership behavior received lower performance ratings from subordinates (Van Velsor et al., 1993), from their respective supervisors (e.g., Atwater, Ostroff, Yammarino, & Fleenor, 1998), and from external observers in assessment centers for instance (e.g. Atkins & Wood, 2002). Moreover, studies have shown that leader self-enhancement is negatively related to affective outcomes like subordinates' job satisfaction, organizational commitment, and satisfaction with supervision (e.g., Moshavi et al., 2003; Szell & Henderson, 1997).

Gaps in research on leader self-enhancement

Although prior research has investigated leader self-enhancement and has repeatedly demonstrated the detrimental effects on leader effectiveness, we identify several gaps in this research. First, leadership is inherently an interpersonal process including both a leader *and* subordinates. However, in explaining the detrimental effects of leader self-enhancement prior research has typically focused solely on self-enhancing *leaders'* behaviors and cognitions. For instance, self-enhancing leaders would ignore developmental feedback as they believe they already possess necessary skills and abilities (Atwater et al., 1998; Atwater, Waldman, Ostroff, Robbie, & Johnson, 2005; Yammarino & Atwater,

1997; Furnham & Stringfield, 1994; Sosik, 2001), or they would take overly risky decisions and thereby increase the opportunity for failure (e.g., Atwater & Yammarino, 1992; Atwater et al, 1998). Thus, prior research typically has taken a leader-centered perspective. Moreover, the majority of these studies have not empirically assessed the proposed mediating processes, leaving the leader self-enhancement – leader performance relationship somewhat of a ‘black box’. The present dissertation focuses on both the leader and subordinates in explaining the effects of leader self-enhancement. Based on social psychological research and literature on self-enhancement in general we propose that leader self-enhancement may seriously disturb leaders’ interpersonal relationships with their subordinates, and that these disturbed leader – subordinate relationships may consequently affect performance. We empirically investigate the negative effects of leader self-enhancement on interpersonal processes and performance in Chapters 2 and 3.

Second, in identifying why leaders self-enhance, prior studies have mainly focused on demographic and dispositional factors (for an overview, see Fleenor et al, 2010). By taking such an individual differences perspective, these studies have either implicitly or explicitly conceived of leader self-enhancement as phenomenon that is stable over time and situations. However, social psychological literature on self-enhancement argues that self-enhancement is much more ‘state’-like than ‘trait’-like as situational factors can greatly augment or diminish the existence of self-enhancement (Taylor & Armor, 1996; Robins & Beer, 2001). Taylor and Armor (1996) stated that people exhibit “dynamic ebb and flow of positive illusions” (p. 890) and consistent with this claim Sedikides & Gregg (2008) argue that self-enhancement is best seen as an ongoing psychological process. In Chapter 4 of this dissertation we therefore investigate the dynamic nature of leader self-enhancement by investigating changes in leader self-enhancement over time.

And third, the majority of prior studies have taken a self-other (dis)agreement approach to leader self-enhancement. Although such an operationalization of leader self-enhancement has proven valuable in predicting leader effectiveness, recent research by Kwan, John, Bond, Kenny, and Robins (2004) has shown that such an approach may lead to *biased* estimates of leader self-enhancement. These scholars proposed an alternative conceptualization and operationalization which will lead to less biased estimates of self-enhancement and which they labeled ‘an interpersonal approach’. The studies reported in the present dissertation have adopted this interpersonal approach to

assess self-enhancement in the leadership domain. Before we provide an overview of the remainder of this dissertation, we discuss the interpersonal approach to self-enhancement in more detail directly below.

An Interpersonal Approach to Leader Self-enhancement

A notorious difficulty in measuring self-enhancement is choosing a comparison criterion to which self-perceptions are compared. In their review of the self-enhancement literature, Kwan and colleagues (2004) identified two conceptions of self-enhancement which they respectively labeled a 'social comparison approach' (cf. Festinger, 1954) and a 'self-insight approach' (cf. Allport, 1934). Research adopting the social comparison approach compares an individual's self-perception with that *individual's perceptions of others*. Self-enhancement is inferred when the individual's self-perception is higher than perceptions of others. Thus, such research focuses on how favorably individuals believe they compare to others. Research adopting a self-insight perspective compares an individual's self-perception with *others' perceptions of that individual*, with self-enhancement being inferred when self-perceptions are higher than others' perceptions. Thus, such research thus taps into how well people's own perception of their behavior or personality matches with how their behavior or personality comes across with others.

Interestingly, Kwan et al. (2004) also identify that, by and large, these two approaches reflect opposite sides in a long standing debate on whether self-enhancement has beneficial or detrimental consequences for individuals (Taylor & Brown, 1994; Colvin et al., 1995). Based on their review, Kwan et al. (2004) conclude that studies that took a social comparison approach typically reported positive outcomes of self-enhancement, whereas studies taking a self-insight approach typically reported negative relationship. These scholars argue that both a social comparison approach and a self-insight approach may yield biased estimates of self-enhancement and that these biases form a potential explanation for the contradicting outcomes of both approaches. They provide a compelling example to illustrate their claim that is elaborated below (also see Kwan et al., 2004, pp. 96-97).

In his autobiography Charles Darwin stated that he considered himself to have only "moderate abilities", but that he also perceived himself to be "superior to the common run of men". If we were to express these judgments in ratings, Darwin would have rated himself as say 7 on an 11-point scale, while his ratings of others would be say a 6. Calculating self-enhancement using a social comparison approach there would be a positive discrepancy (+1) and

Darwin would be considered a self-enhancer. In contrast, because historians agree that Darwin should be considered a genius, they would probably rate him 11 on the 11-point scale. If we now calculate self-enhancement using a self-insight approach, we would find a negative discrepancy (-4) and would conclude that Darwin does not show self-enhancement!

Both approaches to self-enhancement can thus provide contradicting results and Kwan et al. (2004) argue that this problem arises because each approach focuses on only one important component of self-perception while ignoring the other. The social comparison approach ignores how intelligent Darwin actually is (as judged by others) and the claim that Darwin is a self-enhancer may thus be truly unjustified considering that Darwin is actually smarter than most people. The self-insight approach ignores how positively or negatively Darwin typically perceives people. The conclusion that Darwin showed self-effacement also seems unjustified considering that Darwin typically rated people, including himself, in a modest way. Kwan and colleagues argue that how a person sees others and how a person is seen by others are equally important and that ignoring one can potentially lead to confounds.

In order to overcome these confounds, Kwan et al. (2004) propose an interpersonal approach to self-enhancement, which integrates both the social comparison and the self-insight approach. Their main premise is that self-perceptions are inherently interpersonal in nature and that the self-perceptions of leaders "... cannot be studied without consideration of the fact that the individual is a social agent who always acts as a perceiver and is always the target of perception" (Kwan et al., 2004: 97). When perceiving a person, we know that this person also perceives us. This leads one to make inferences, not only about that person but also about how that person perceives us. Our self-perception both affects and is affected by these inferences (Kenny, 1994). First, our self-perception serves as a baseline when perceiving and judging others (Kenny, 1994). For instance, people tend to assume that others are rather similar to them with regard to thoughts, feelings, and behavior (Kenny, 1994), and have a drive to verify that others see them as they see themselves (Swann, 1990). Second, our self-perception is affected by others' behaviors and attitudes toward us, which causes us to adjust our self-image. If a person is repeatedly said to be a good leader, that person will incorporate "I am a good leader" into his or her self-image. Hence, self-perception is not created in isolation, but reciprocally influences and is influenced by how others perceive us and how we perceive others. Given the intrinsically interpersonal context of leadership, it is

therefore important to consider leadership perceptions by subordinates and supervisors simultaneously, rather than in isolation.

In order to capture the interpersonal nature of self-perceptions, Kwan and colleagues (2004) proposed an adaptation of the Social Relations Model (Kenny, 1994; Kenny & La Voie, 1984) that allowed for the breakdown of a person's self-perception into three components. The first component of a person's self-perception, labeled the target effect, reflects how positively or negatively the person is generally seen by others. The second component, labeled the perceiver effect, reflects how positively or negatively that person generally perceives others. The third component reflects an idiosyncratic bias that people have toward perceiving themselves more or less positively. As people tend to be overly positive about their favorable attributes, abilities, and performance (e.g. Sedikides, Gaertner, & Toguchi, 2003; Sedikides & Gregg, 2008; Taylor & Brown, 1988, 1994), Kwan and colleagues (2004) labeled this component the self-enhancement effect.

The three studies reported in this dissertation all make use of this interpersonal approach to establish leader self-enhancement, specifically leaders' self-enhancement of their transformational leadership behavior (Bass, 1985; Podsakoff, MacKenzie, Moorman, & Fetter, 1990). We focus on transformational leadership for three reasons. First, because of the overwhelming evidence for beneficial effects of transformational leadership (e.g., Judge & Piccolo, 2004; Lowe, Kroeck, & Sivasubramanian, 1996) organizations have readily adopted transformational leadership as the preferred style of leadership. Leaders are thus especially pressured to portray themselves as good transformational leaders. Second, the majority of prior research has focused on self-enhancement of transformational leadership. Because we wanted to build upon and extend this research, we chose the same leadership style. And third we chose transformational leadership for methodological reasons. Our approach required round-robin data. Within participating teams leaders not only rated themselves, and were not only rated by their subordinates, but the leaders also rated their subordinates and subordinates rated each other (see Box 1.1). The dimension on which people had to rate each other had to be meaningful for both leaders and subordinates. Transformational behaviors can be exerted by all persons in a team and not exclusively by a team's formal leader, and therefore, for instance, transactional leadership (Bass, 1985) would be less suitable as it requires a formal power base such as the possession of valuable resources.

Box 1.1: Round-Robin Data Collection

Round-robin data collection refers to a process in which each member of a team rates all other members on some dimension of interest. Collecting round-robin data is very strenuous on participants. This is best illustrated by an example. Let us consider team manager Jane, who leads a team of 4 people, John, Jill, Jack, and Jenny. In this team we want to do a round-robin assessment of the extent to which team members motivate the team. Thus, we have an item that states “X motivates the team”, where X is replaced by the name of a peer. For instance, taking John as a focal participant, he answers “Jane motivates the team”, “Jill motivates the team”, “Jack motivates the team”, etc. Thus, in a team of n people, each team person answers $n-1$ questions for every single item. Obviously this can become very labor intensive, especially when team size increases or when a construct is measured using multiple items. The studies reported in the present dissertation required round-robin assessments of transformational behavior measured with a 6-item scale. Taking a typical team of 6 people yielded $6-1$ persons \times 6 items = 30 items to be answered by each participant only to measure this one scale!

Next to answering a high numbers of items, round-robin data collection – by default – is not anonymous. This increases the strain on participants, because they become aware that not only do they need to rate their peers, but also that their peers are rating them. Gaining and retaining participants’ trust is therefore crucial for successful data collection. Especially in a real life organizational setting where a breach in trust or confidentiality could have real life consequences for a participant. Indeed, collecting round-robin data for the present dissertation proved to be a challenge in many cases.

The present dissertation

Adopting an interpersonal approach to leader self-enhancement, the present dissertation aims to address the gaps we identified in the literature on leader self-enhancement by answering three questions. First, does leader self-enhancement negatively affect the interpersonal relationship between leader and followers? Second, if leader self-enhancement is indeed detrimental for leaders’ interpersonal functioning, do these disturbed relationships consequently affect leader performance? And third, given the pressure on leaders to portray themselves as ‘good, strong, and confident’, can factors be identified that dynamically influence leader self-enhancement?

Table 1.1**Overview of the Variables Used and the Level of Analysis per Study**

Chapter	Variables	Level of analysis
2	Leader self-enhancement (IV [§])	Cross level
	Follower extraversion (IV)	
	Leader Member Exchange (DV [¶])	
3	Leader self-enhancement (IV)	Team level
	Task-related conflict (Mediator)	
	Relationship conflict (Mediator)	
	Leader performance (DV)	
4	Leader Neuroticism (IV)	Individual level
	Perceived meaningfulness of work (IV)	
	Changes in leader self-enhancement (Mediator)	
	Changes in leader performance (DV)	

[§] IV = Independent Variable; [¶] DV = Dependent Variable

In order to answer these questions we conducted three studies that are reported in chapters 2, 3, and 4, respectively. Below we present an overview of each of the three studies. Table 1.1 presents an overview of the specific variables used and the level of analysis of each of the studies. Each chapter is written independently and can be read separately from the rest of the dissertation. Consequently, some overlap in theoretical and methodological cadres exists between the chapters. Moreover, the three studies reported in the present dissertation are based on one large dataset collected within two organizations over a period of 2.5 years and therefore overlap exists in the datasets used for the individual studies. Because this overlap in the datasets used for the three reported studies may have some implications for our findings, we reflect on it in the general discussion (Chapter 5).

In chapter 2, we dissect leaders' self-perceptions of their transformational leadership following Kwan et al.'s (2004) approach to explore how the various components affect an important indicator of interpersonal effectiveness, namely the quality of Leader Member Exchanges (LMX). Based on research and literature on self-enhancement and vertical dyad linkage (Graen & Uhl-Bien, 1995), we argue that leaders' self-enhancement of their

transformational leadership will negatively affect LMX. Additionally, we argue that this negative effect will be especially strong for those followers who value interpersonal interaction, i.e. followers who are more extraverted.

In chapter 3, we again focus on the negative impact of leader self-enhancement on interpersonal processes, but now take the team as the level of analysis. We will argue that leader self-enhancement is associated with leader – follower conflict. Such vertical conflict has received relatively little research attention and we therefore draw on intra-group conflict research and literature (e.g. Jehn, 1995) to argue that leader self-enhancement will result in both vertical task-related conflict and vertical relationship conflict. Moreover, we argue that both these types of vertical conflict will result in decreased leader performance. Together our hypotheses form a multiple path mediation model, where leader self-enhancement affects leader performance through both types of vertical conflict.

Chapter 4 takes a dynamic approach to leader self-enhancement (cf. Sedikides & Gregg, 2008). We look at changes in leader self-enhancement over time as opposed to self-enhancement at a fixed point in time. We identify a dispositional and a situationally determined factor that jointly predict changes in leader self-enhancement. We argue that neuroticism will increase the likelihood that leaders will engage in self-enhancement as a means of coping with the pressure that modern society and organizations put on leadership. However we also argue that neuroticism alone cannot fully predict leader self-enhancement. Self-enhancement typically occurs in domains that matter to people. Therefore, we argue that leaders' perception of the meaningfulness of their work as a leader will be the trigger for self-enhancement to actually occur. Moreover, we investigate if these changes in leader self-enhancement are related to changes in leader performance.

Finally, Chapter 5 provides an overview of the findings from our studies. We discuss these results in light of the above questions and reflect on the theoretical contributions our research makes. As with any research project, the present one has some limitations, which are discussed in the light of future research opportunities. We conclude by reflecting on the practical implications of the findings from our studies.

Chapter 2

Heroic or hubristic? A componential approach to the relationship between perceived transformational leadership and leader-member exchanges¹

Strong relational ties between leaders and followers are generally considered a key factor in leadership effectiveness (Yukl, 2010). One of the most important factors that catalyze the buildup of such ties is transformational leadership (Wang, Law, Hackett, Wang, & Chen, 2005). By articulating a compelling vision, acting as a role model, and exerting intellectual stimulation and individualized consideration, a transformational leader is usually thought to promote the creation of high-quality exchange relationships with individual followers. Subsequently, followers are expected to reciprocate in the social exchange process by exerting greater efforts and strengthening and encouraging the leader (Deluga, 1992). Consistent with this view, a number of empirical studies have reported positive relationships between leaders' transformational behavior and the quality of leader-member exchanges (LMX) (Basu & Green, 1997; Deluga, 1992; Howell & Hall-Merenda, 1999; Li & Hung, 2009; Wang et al., 2005).

While subscribing to the relational nature of leadership, most of the studies examining the relationship between transformational leadership and LMX have one-sidedly focused on follower perceptions and ignored the role of leaders' self-perceptions of their leadership behaviors. This is somewhat surprising given the current dominant view of leadership as a reciprocal process in which both leader and follower exist in a dyadic mutual relationship (Livi, Kenny, Albright & Pierro, 2008). From such a perspective, one may expect the leadership perceptions of both 'parties' in the relationship to influence the quality of the LMX. Further, the social perception literature strongly suggests that followers' perceptions of leadership cannot be considered without taking leaders' perceptions into account, and vice versa: social perceptions are influenced by both the perceiver and the target in a relationship (Kenny, 1994). Taken together, these views suggest that a better understanding of the relationship between transformational leadership and LMX requires an

¹ This chapter is based on Van der Kam, Van der Vegt, Janssen, & Stoker (submitted).

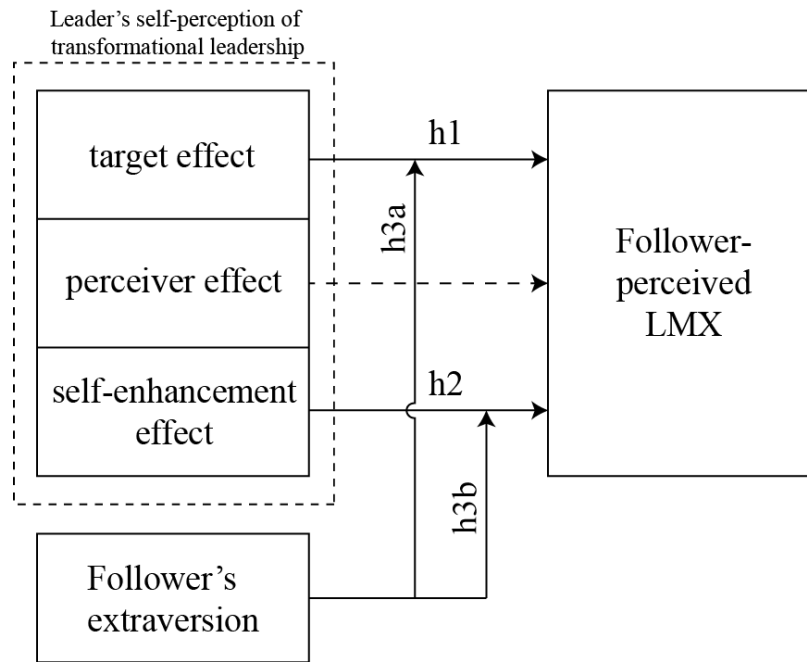
interpersonal perspective on leadership, one in which both leader and follower perceptions of the leader's transformational leadership behavior are taken into account.

In this study, we examine the role of leaders' and followers' perceptions of leaders' transformational leadership behavior using an adaptation of Kenny's (1994) Social Relations Model (SRM) (Kwan, John, Kenny, Bond, & Robins, 2004). Applied to leadership processes, this analytical framework suggests that a leader's self-perception of his or her transformational behavior can be broken down into three elements: a) how a leader is generally seen by followers (a target effect), b) how a leader generally sees followers (i.e. a positivity bias), and c) an idiosyncratic bias in a leader's self-perception (i.e. self-enhancement). Adopting this framework, and drawing on the existing research discussed above, we argue that a leader's transformational leadership behavior – as perceived by their followers – will be positively related to LMX. In addition, we argue that leaders tend to form overly positive self-perceptions of their transformational leadership behavior, and propose that such enhanced self-perceptions will be negatively related to LMX. Finally, and consistent with the LMX literature, we argue that followers will respond differently to transformational and self-enhancing leaders depending on their level of extraversion. Given that more extraverted followers tend to engage in more frequent interactions with their leader (Barrick & Mount, 1991), they are not only more likely to react positively toward genuine transformational leadership, they may also be more negative toward leaders' self-enhancement of their transformational behaviors. We thus argue that follower extraversion operates as a contingency variable that intensifies the relationships between LMX and both the leader's transformational leadership and leader's self-enhancement. The proposed conceptual model and hypotheses are summarized in Figure 2.1.

The contributions of this study to the transformational leadership and LMX literature are threefold. First, by using a componential approach to leadership perceptions based on the SRM, we contribute to a better and more complete understanding of the relationship between perceived transformational leadership and the quality of leader-member exchanges. Our approach enables us to identify those elements in perceptions of transformational leadership that are positively or negatively related to LMX.

Figure 2.1

Conceptual Model



Second, we contribute to the self-enhancement literature by generating empirically-based knowledge on the consequences of self-enhancement for interpersonal effectiveness in the leadership domain. Third, by introducing follower extraversion as a personality trait that could determine the relationship between transformational leadership perceptions and LMX, we answer the call of several scholars (e.g. Howell & Shamir, 2005; Lord, Brown, & Freiberg, 1999; Zhu, Avolio, & Walumbwa, 2009) to more thoroughly address the role of follower characteristics in leadership effectiveness research.

Theory and hypotheses

A componential approach to self-perceptions of leadership behavior

The main premise in our approach is that perceptions in general, and leaders' self-perceptions in particular, are inherently interpersonal in nature and that the self-perceptions of leaders "... cannot be studied without consideration

of the fact that the individual is a social agent who always acts as a perceiver and is always the target of perception” (Kwan et al., 2004: 97). When perceiving a person, we know that this person also perceives us. This leads one to make inferences, not only about that person but also about how that person perceives us. Our self-perception both affects and is affected by these inferences (Kenny, 1994). First, our self-perception serves as a baseline when perceiving and judging others (Kenny, 1994; Kenny & West, 2010). For instance, people tend to assume that others are rather similar to them with regard to thoughts, feelings, and behavior (Cronbach, 1955; Kenny, 1994; Kenny & West, 2010; Ross, Greene, & House, 1977) and have a drive to verify that others see them as they see themselves (Swann, 1990). Second, our self-perception is affected by others’ behaviors and attitudes toward us, which cause us to adjust our self-image. If a person is repeatedly said to be a good leader, that person will incorporate “I am a good leader” into their self-image. Hence, self-perception is not created in isolation, but reciprocally influences and is influenced by *how others perceive us* and *how we perceive others*. Given the intrinsically interpersonal context of leadership, it is therefore important to simultaneously consider leadership perceptions by subordinates and supervisors, rather than in isolation.

In order to capture the interpersonal nature of self-perceptions, Kwan and colleagues (2004) proposed an adaptation of the Social Relations Model (Kenny, 1994; Kenny & La Voie, 1984) that allowed for the breakdown of a person’s self-perception into three components. The first component of a person’s self-perception, labeled the *target effect*, reflects how positively or negatively the person is generally seen by others. The second component, labeled the *perceiver effect*, reflects how positively or negatively that person generally perceives others. The third component reflects an idiosyncratic bias that people have toward perceiving themselves more or less positively. As people tend to be overly positive about their favorable attributes, abilities, and performance (e.g. Sedikides, Gaertner, & Toguchi, 2003; Sedikides & Gregg, 2008; Taylor & Brown, 1988, 1994), Kwan and colleagues (2004) labeled this component the *self-enhancement effect*.

Applied to leaders’ self-perception of their transformational leadership behavior, the target effect is comparable to how previous research on the relationship between transformational leadership and LMX has operationalized transformational leadership. The remaining two components of a person’s self-perception – the perceiver effect and the self-enhancement effect – respectively represent a general positivity bias, or a response set in a leader’s perception of

transformational leadership, and a leader's overly positive view of his or her own transformational leadership behavior.

Below, we develop hypotheses on how two of these components, the target effect and the self-enhancement effect, are related to LMX. We do not develop a formal hypothesis for the relationship between the perceiver effect and LMX because the arguments for a positive and for a negative relationship seemed, to us, equally plausible. On the one hand, one could argue that a positivity bias in a leader's perceptions of followers' behaviors would lead to higher LMX quality as it reflects a general liking of followers (Livi et al., 2008). On the other hand, one could argue that positively biased leaders are likely to communicate expectations about their followers' behaviors that are not consistent with their role, thereby causing uncertainty and uneasiness about their relationship with the supervisor. Therefore, we chose to examine the relationship between the perceiver effect and LMX in an exploratory way and then to interpret possible effects.

LMX and how followers perceive the leader, i.e. the target effect

A basic premise in LMX theory is that reciprocity of invested effort by the dyad partners, in the role-making and social exchange process, is crucial for the leader-follower relationship to develop (Maslyn & Uhl-Bien, 2001). Over a series of exchanges, a leader and a follower "test one another to determine whether they can build the relational components of trust, respect, and obligation necessary for high-quality exchanges to develop" (Maslyn & Uhl-Bien, 2001: 698). If a leader and a follower continue to invest high and balanced amounts of matched effort, a higher quality and more mature exchange relationship can be developed and sustained, resulting in mutual influence and satisfaction. However, if either party in the relationship experiences the other's efforts to be insufficient or unbalanced, a lower-quality exchange relationship develops which is characterized by a hierarchically-based downward influence process in which exchanges occur on a formal, contractual basis with distance between leader and follower.

A leader's target effect for transformational leadership represents the extent to which that person is seen as a transformational leader by followers and thus is a proxy for the leader's social investment in the exchange relationship. In a recent study, Wang and colleagues (2005: 249) argued that transformational behavior can be seen as the leader's "social currency, nourishing high-quality LMX". By displaying more transformational behavior in the eyes of followers, those followers are more likely to trust and respect their

leader and subsequently reciprocate with increased task effort, ultimately resulting in higher LMX quality. Several other studies have confirmed such a positive relationship between transformational leadership and LMX (e.g. Basu & Green, 1997; Howell & Hall-Merenda, 1999). Based on these previous studies, we predict that a leader's target effect for transformational leadership behavior will be positively related to the quality of leader-member exchange.

Hypothesis 1. The target effect in leaders' perceptions of transformational leadership behavior is positively related to followers' perceptions of LMX.

LMX and the leader's idiosyncratic bias, i.e. the self-enhancement effect

Self-enhancement in transformational leadership amounts to a leader's *idiosyncratic bias* with regard to his or her displayed transformational behavior. Leaders may hold self-enhanced perceptions of their transformational behavior for several significant reasons. To begin with, transformational leadership is nowadays seen as a key factor for individual, work unit, and organizational outcomes (for an overview, see Judge & Picollo, 2004), and therefore the display of such behavior is important for leaders. Since people are particularly prone to self-enhancement in those domains that matter to them most (Sedikides et al., 2003), it is likely that leaders will tend to be overly positive about their own transformational leadership behaviors.

Also, leaders may feel 'pressured' to meet their followers' expectations. Research on Implicit Leadership Theory has shown that leaders are more likely to be effective if their behavior matches their followers' images of prototypical leader behavior (Kenney, Schwartz-Kenney, & Blascovich, 1996; Nye, 2005). The importance attached to transformational leadership in today's society will be reflected in followers' schemas of prototypical leader behavior, thus providing leaders with an incentive to portray themselves as 'good' transformational leaders. Moreover, according to the Romance of Leadership theory (Meindl, Ehrlich, & Dukerich, 1985), followers are likely to expect too much of their leaders. Leaders may feel that these high expectations of them have to be met, thereby creating a need for leaders to engage in the boasting of their transformational leadership behavior (Jung & Sosik, 2006).

Finally, research on self-enhancement has shown that people are more prone to enhance on ambiguous than on unambiguous dimensions (e.g. Anderson, Srivastava, Beer, Spataro, & Chatman, 2006; Dunning, Meyerowitz, & Holzberg, 1989; Janssen & Van der Vegt, in press). Transformational leadership behaviors such as 'exerting vision', 'idealized influence', 'providing

interpersonal support', and 'intellectual stimulation' are rather ambiguous in that they are hard to assess objectively, thus leaving 'room' for self-enhancement.

Although there may be a general trend toward self-enhancement in transformational leadership behavior, some leaders are more likely to self-enhance than others for various reasons such as a greater attached importance to leadership display or felt follower pressure. How will such different levels of self-enhancement in transformational leadership behavior affect LMX quality? From a social exchange perspective, one would argue that leaders who have overly positive perceptions of their transformational leadership behavior are unlikely to be investing as much as they think they are. Consequently, the followers' perceptions of the leader's invested effort will not match the leader's own perception. Specifically, followers are likely to perceive less invested effort by their leader, and will reciprocate with lower effort on their part and, subsequently, this will lead lower quality LMX relationships. Analogous to the 'currency' metaphor of invested effort (Wang et al., 2005), leaders' inflated self-perceptions resemble monetary inflation in that the worth of the claimed transformational behavior is devalued, thereby 'buying' less follower trust, respect, and obligation. Consequently, followers are likely to report lower quality LMX in response to leaders who self-enhance in terms of their transformational leadership.

A related reason why self-enhancement in transformational leadership behavior might be negatively associated with LMX is that leaders' overly positive claims about their displayed transformational leadership may offend and alienate followers. Research on the social consequences of self-enhancement does indeed suggest that although self-enhancers are viewed relatively positively by others after initial brief interactions, the tide turns against them when others begin to detect their self-promotion in the longer term (e.g. Anderson, Ames, & Gosling, 2008; Anderson et al., 2006; Colvin, Block, & Funder, 1995; John & Robins, 1994; Miller, Cooke, Tsang, & Morgan, 1992; Paulhus, 1998). Similarly, while self-enhancing leaders may initially seem self-confident, inspirational, and attractive to followers, this initial favorable impression is likely to decline after repeated interactions where followers begin to experience the discrepancy between the claims of a self-enhancing leader and their actual behavior. Eventually, followers are likely to feel misled by leaders who overinflate the transformational leadership behavior they pretend to invest in the exchange relationship. Hence, self-enhancing leaders may soon lose their

credibility and offend their followers, causing the latter to perceive their exchange relationships with their leaders to be of a lower quality.

A final reason why self-enhancement in transformational leadership behavior may be detrimental to LMX quality is that self-enhancing leaders may set themselves up for failure. That is, because they overestimate their own abilities, they are likely to take on tasks and responsibilities they cannot realize. Especially in an organizational context, where there are long-term relationships between leaders and followers, such failure on the part of the leader will be detected by followers, and is likely to reduce the followers' willingness to build the relational components of trust, respect, and obligation that are necessary for high-quality exchanges to develop and sustain (Gray & Densten, 2007). Taken together, this reasoning suggests that a leader with an overly positive view of their transformational leadership behaviors will undermine the LMX quality as perceived by followers. Hence, we hypothesize:

Hypothesis 2. The self-enhancement effect in leaders' perceptions of their transformational leadership behavior is negatively related to followers' perceptions of LMX.

The moderating role of follower extraversion

Given that LMX is a reciprocal exchange process, not only will leader characteristics, such as the target and self-enhancement effects, influence the quality of LMX, but also follower characteristics may play a role. In particular, follower characteristics that are known to be relevant in social interaction and exchange are likely to prove important. One such follower characteristic is extraversion. Extraverts are sociable, gregarious, assertive, talkative, and active (Barrick & Mount, 1991), have a greater need for social attention (Ashton, Lee, & Paunonen, 2002), and are known to engage more in social interaction (e.g. Asendorpf & Wilpers, 1998; Barrett & Pietromonaco, 1997).

In a leadership context, extraversion has been shown to be important for the development of high-quality exchange relations (e.g. Nahrgrang, Morgeson, & Ilies, 2009; Philips & Bedeian, 1994). Interestingly, these studies not only show that extraverts engage in increased social interaction with their leaders, but also that they actively seek out high-quality LMX relations. The reason for this is that engaging in a higher-quality relationship with their supervisor increases the likelihood of receiving challenging tasks, which will satisfy their desire for novel experiences. This argument thus suggests that leaders who are more transformational (i.e. have a high target effect for

transformational leadership) are likely to be more appreciated by their more extraverted followers. Hence, we hypothesize:

Hypothesis 3a. Extraversion moderates the relationship between the target effect in leaders' perceptions of transformational leadership behavior and LMX in such a way that the relationship is more positive for the more extravert followers.

At the same time, however, their desire to engage in high-quality relationships may lead to extraverted followers being more likely to negatively respond to a leader's self-enhancement. Because extraverts seek high-quality relationships, they tend to invest significant effort in building relationships. According to LMX theory, such high follower investment needs to be reciprocated by the leader for high-quality LMX to develop (Maslyn & Uhl-Bien, 2001). As self-enhancing leaders actually invest less than they believe, think or pretend, more extraverted followers are likely to feel that their investments are not reciprocated and, because of this, will feel less positive about the quality of their relationship with their leader. Furthermore, because extraverted followers engage more frequently in interactions with their leader, they are more often 'exposed' to the leader's self-enhancement. Combined with their greater social skills, this frequent exposure may lead the more extraverted followers to more quickly and better 'detect' their leader's self-enhancement. Also, their assertiveness and low inhibition about socially acting will lead the more extraverted followers to express their negative affective reactions to their leader. Taken together, these arguments suggest that highly extraverted followers will be affected more negatively by leader self-enhancement than less extraverted followers. Hence, we hypothesize:

Hypothesis 3b. Extraversion moderates the relationship between the self-enhancement effect in leaders' perceptions of their transformational leadership behavior and LMX quality in such a way that the relationship is more negative for the more extravert followers.

Method

Sample and procedure

Data were collected from work teams within two organizations in the Netherlands, a University of Applied Science and a mental healthcare institution. We obtained data from 60 of the 72 team leaders (83.3%) and 286

of the 418 team members (68.4%) that we asked to participate: 259 participants, including 45 team leaders, from the University of Applied Science, and 87 participants, including 15 team leaders, for the mental healthcare institution. Teams consisted of at least four participants, including the team leader, with the numbers of participants per team ranging from four to nine ($M = 6.19$, $SD = 1.44$). Fifty-five percent of the participants were females (53% females among the team leaders) and the average age was 44 years ($SD = 9.70$). The mean team tenure was 42.4 months ($SD = 55.45$), and the dyadic tenure between leader and follower was 24.30 months ($SD = 37.77$). The University of Applied Science had a higher proportion of female participants (59.8 %) than the mental healthcare institution (41.7%). Team tenure and consequently dyadic tenure between team leader and team member, were lower at the mental healthcare institution (the average difference in team tenure was 22.55 months, and 18.89 months for dyadic tenure).

We approached participants in collaboration with the personnel departments of both organizations. The respective personnel departments provided us with information about the available teams and team compositions. Based on the given information, we approached team leaders and asked them if they would participate in the research project. Provided team leaders agreed, we informed the team members about the research project and asked for their voluntary participation. The questionnaire was administered online, through the research project's dedicated website. Participants received personal credentials with which they could login to the project's website and complete the available questionnaires. The questionnaires were personalized for means of the design. However, confidentiality was guaranteed and data were anonymized once the data collection phase was complete. The questionnaires were administered digitally for the convenience of both the researchers (allowing close monitoring of the process of data collection) and the participants (allowing them to complete the questionnaire at a convenient place and time). The quality of data acquired with such web-based surveys have been shown to be of the same quality as data acquired with more traditional 'paper-and-pencil' methods (Gosling, Vazire, Srivastava, & John, 2004).

Measures

Transformational leadership behavior. The method for calculating the target effect and perceiver effects for transformational leadership proposed by Kwan and colleagues (2004) requires round-robin data. Therefore, we asked both team leaders and their team members to rate themselves and the other

members on transformational leadership behaviors in a full round-robin design (Kenny & Livi, 2009). To reduce the work load for participants we used a six-item scale adapted from the twenty-three-item scale for transformational leadership developed by Podsakoff, Mackenzie, Moorman, and Fetter (1990). Only the highest-loading item from each of the six dimensions in the original scale was used. The selected items were: *"Inspires others with his/her plans for the future"*, *"Develops a team attitude and spirit among employees"*, *"Leads by example"*, *"Will not settle for second best"*, *"Shows respect for my personal feelings"*, and *"Has stimulated me to rethink the way I do things"*. Items were translated into Dutch and reworked to refer to either self-perceptions, e.g. "I develop a team attitude and spirit among employees" or perceptions of others, e.g. "X develops a team attitude and spirit among employees". In line with much of the research on transformational leadership, the six items were combined to create a single higher-order indicator of transformational leadership (Judge & Piccolo, 2004). The internal consistency was good for the self-ratings (Cronbach's $\alpha = 0.82$) as well as for the ratings of others (Cronbach's $\alpha = 0.89$). To examine the validity of our shortened measure for transformational leadership behavior we also asked team members to complete the full twenty-three-item scale for their perceptions of their leader's transformational behavior. The Pearson correlation between our six-item scale and the full scale was 0.84, supporting the content validity of our shortened transformational leadership scale.

Leader-member exchange. To assess leader – member exchange quality team members were asked to complete the LMX-12 scale developed by Liden and Maslyn (1998). In contrast to the widely used LMX-7 scale (Scandura & Graen, 1984), these scholars recognized the complex reciprocal nature of the LMX construct and developed a twelve-item scale that assessed the LMX aspects of loyalty, affect, contribution, and professional respect. Example items are: *"I like my supervisor very much as a person"* (affect), *"My supervisor defends my work actions to a superior even without complete knowledge of the issue in question"* (loyalty), *"I do work for my supervisor that goes beyond what is specified in my job description"* (contribution), and *"I respect my supervisor's knowledge and competence on the job"* (professional respect). Items were measured on a seven-point scale (1 = 'totally disagree', 7 = 'totally agree').

We had no theoretical rationale for suggesting that the leader's target effect and self-enhancement in transformational leadership behavior would be differentially related to the various aspects of LMX. Therefore, we conducted a second-order confirmatory factor analysis of a model in which the LMX items

loaded onto the four LMX aspects (affect, loyalty, contribution, and professional respect), with these four latent constructs subsequently contributing to a single LMX factor. Results showed that the second-order factor model had a satisfactory fit ($\chi^2 = 147.47$; NFI = .96, NNFI = .96, CFI = .97, SRMR = .05). On this basis, we created a single leader-member exchange quality score by averaging the twelve LMX items. The LMX scores ranged from 1.92 to 7.00, and Cronbach's alpha for the scale was 0.90.

Extraversion. Follower extraversion was measured using the six highest-loading items for extraversion in the hundred-item Five-Factor Personality Inventory by Hendriks, Hofstee, and De Raad (1999). These items were: "*Are you someone who loves to chat*"; "*Are you someone that laughs aloud*"; "*Are you someone that slaps people on the back*"; "*Are you someone that keeps apart from others*" (reverse); "*Are you someone that avoids contact with others*" (reverse); and "*Are you someone that avoids company*" (reverse). Items were measured on a five-point scale (1 = "does not reflect me at all", 5 = "totally reflects me"). Extraversion scores ranged from 1.84 to 5.00, and Cronbach's alpha for the scale was 0.68.

Control variables. Following recommendations by Becker (2005) on the use of control variables, we included only the leader's gender as a control variable on the basis that this was significantly correlated with our dependent variable ($r = 0.18$; $p < 0.01$). Other potential LMX correlates, such as the organization (dummy-coded), team size, age, and gender difference between leader and follower (Green, Anderson, & Shivers, 1996) and manager extraversion (to rule out potential effects of similarity) were not included because their zero-order correlations with LMX were not significant.

Decomposition of leaders' self-perceptions

We followed the procedures outlined by Kwan et al. (2004) to compute the leader's target effect, perceiver effect, and self-enhancement effect for transformational leadership. As a first step, we used the SOREMO application (Kenny, 1995) to analyze the round-robin transformational leadership data (Kenny, 1994, Kenny & La Voie, 1984). This analysis yielded two scores for each participant: a target effect (indicating how positively the participant is rated on transformational leadership behavior), and a perceiver effect (indicating how positive the participant rated others on transformational leadership behavior). Consistent with earlier research (e.g., Anderson et al. 2006; Kwan et al., 2004; Lönnqvist, Leikas, Verkasalo, & Paunonen, 2008), we next computed the leader's self-enhancement effect for transformational leadership (i.e. the unique

part of a leader's self-perception that cannot be explained by the target and perceiver effects) by subtracting the leader's target and perceiver effects from his or her self-reported transformational leadership behavior.

Statistical analyses

Given the nested structure of the data, with followers nested in work teams/leaders, we tested our hypotheses using hierarchical linear models in MLwiN (Rasbash, Charlton, Browne, Healy, & Cameron, 2009). Following the guidelines of Aiken, West and Reno (1991), we standardized all the independent variables prior to analysis. Interaction effects were computed as the product term of the respective standardized variables.

We analyzed the data in three steps. First, we tested a model containing only our control variable (Model 1). Second, we tested a model including the control variable, the main effects (the leader's target effect, perceiver effect, and self-enhancement effect) of transformational leadership, and follower extraversion (Model 2). Finally, we tested each of the cross-level interactions, between follower extraversion and the leader's target effect and self-enhancement effect, for transformational leadership (Models 3a and 3b).

Results

Descriptive statistics

Table 2.1 presents means, standard deviations, and Pearson zero-order correlations for the variables considered in this study. As can be seen from Table 2.1, female leaders were generally perceived as more transformational than men ($r = .30, p < .01$), which is consistent with previous research findings (Eagly, Johannesen-Schmidt, & Van Engen, 2003), and were less prone to self-enhancement when it came to transformational leadership ($r = -.32, p < .01$). Moreover, followers reported higher quality leader-member exchange relationships with female leaders than with male leaders ($r = .18; p < .01$). Leaders who were perceived as more transformational (a higher leader's target effect for transformational leadership) had higher quality leader-member exchange relationships with their followers ($r = .35, p < .01$). Self-enhancing leaders had lower-quality relationships with their followers ($r = -.31, p < .01$). These findings provide some support for Hypotheses 1 and 2.

Furthermore, the leader's target- and perceiver- effects were positively correlated ($r = .34, p < .01$), which is in line with the reciprocity hypothesis (Kenny, 1994) that argues that leaders whose perceptions of their followers are

more positively biased are seen as more transformational by their followers. Leader self-enhancement was negatively correlated with both the target effect ($r = -.68, p < .01$) and the perceiver effect ($r = -.45, p < .01$), indicating that self-enhancing leaders are seen as less transformational by their followers and are less positively biased in their perceptions of followers. These negative inter-correlations are similar to findings from earlier research that examined the relationships among the target effect, the perceiver effect and the self-enhancement effect (Kenny & Livi, 2009; Kwan, John, Robins, & Kuang, 2008; Livi et al., 2008).

Hypothesis testing

Hypothesis 1 predicts that the leader's target effect for transformational leadership behavior is positively related to LMX quality. As can be seen in Table 2.2 (Model 2), this hypothesis is supported by our data. The more followers perceive their leader to display transformational behavior the higher the reported quality of the leader-member exchanges ($B = .25, p < .01$).

Hypothesis 2 predicts that the leader's self-enhancement effect for transformational leadership is negatively related to LMX quality. The results of the analyses presented in Table 2.2 (Model 2) also provide support for this hypothesis. Followers of self-enhancing leaders report lower levels of LMX quality ($B = -.22, p < .05$).

For exploratory purposes, we also included the leader's perceiver effect for transformational leadership in our analysis. The results presented in Table 2.2 (Model 2) show that consistent with the results from the correlation analysis, leaders' positivity bias in perceptions their followers' transformational leadership was negatively related to LMX quality ($B = -.26, p < .01$). Overall, adding the main effects in Model 2 resulted in a significantly better fit than that found with Model 1 in which only the leader's gender was included as a control variable ($\Delta\chi^2 = 35.54, df = 4, p < .001$).

Hypothesis 3a predicts that the relationship between the target effect of leaders' transformational leadership behavior and LMX quality is more positive for more extraverted followers. Table 2.2 shows, for Model 3a, a significant cross-level interaction between leaders' target effect and follower extraversion ($B = .09, p < .05$). Further, adding the interaction effect to the equation in Model 3 resulted in a significantly improved model fit compared to Model 2 ($\Delta\chi^2 = 3.96, df = 1, p < .05$). To further interpret the direction of this two-way interaction effect, Figure 2.2a shows the simple regression lines of the relationship between a leader's target effect and LMX under conditions of high

and low extraversion. In line with the guidelines from Aiken and colleagues (1991), we assessed whether the slopes of these regression lines differed significantly from zero. In the high extraversion condition the regression line has a significantly positive slope ($t = 3.49$, $df = 282$, $p < .001$), whereas the slope of the regression line for followers with a low extraversion was less positive and not statistically significant ($t = 1.31$, n.s.). The results of these simple slope analyses support Hypothesis 3a.

Hypothesis 3b predicts that the leader's self-enhancement effect for transformational leadership behavior is more negatively related to LMX quality for more extraverted followers. Table 2.2 shows, for Model 3b, a significant cross-level interaction between leader's self-enhancement and follower extraversion ($B = -.13$; $p < .05$). Again, adding this interaction effect to the equation resulted in a model with a significantly better fit compared to Model 2 ($\Delta\chi^2 = 5.83$, $df = 1$, $p < .05$). The interaction between leader self-enhancement and follower extraversion is plotted in Figure 2.2b. Simple slope analyses revealed that the slope of the regression line for highly extraverted followers is significantly different from zero ($t = -3.46$, $df = 282$, $p < .001$), whereas the slope for followers with a low extraversion is not ($t = -1.09$, $df = 282$, n.s.). These findings support Hypothesis 3b.

Discussion

Researchers have consistently argued for, and found, a positive relationship between perceptions of transformational leadership and the quality of leader-member exchanges (e.g. Basu & Green, 1997; Gerstner & Day, 1997; Howell & Hall-Merenda, 1999; Wang et al., 2005). However, such research has one-sidedly focused on followers' perceptions of transformational leadership behavior, thereby ignoring the role of leaders' self-perceptions of their transformational behavior. Given the reciprocal nature of influence between leaders and followers, we have addressed this shortcoming by testing the notion that not only followers' perceptions but also leaders' self-perceptions of transformational leadership play a critical role in determining the quality of mutual leader-member exchanges (LMX). Specifically, by adopting an interpersonal approach to self-perceptions (Kwan et al., 2004), we broke down a leader's self-perception of their transformational behavior into three components: a target effect, a perceiver effect, and a self-enhancement effect, and then examined the relationships between these components and LMX.

Table 2.1
Descriptive Statistics and Pearson Zero-Order Correlations among the Study Variables

Variable	Mean	s.d.	1	2	3	4	5
1. Leader's gender	0.54	0.50					
2. Leader's target effect for transformational leadership	0.33	0.60	.30**				
3. Leader's perceiver effect for transformational leadership	0.50	0.60	.15*	.34**			
4. Leader's self-enhancement for transformational leadership	-0.10	1.04	-.32**	-.68**	-.45**		
5. Follower's extraversion	3.64	0.66	-.11	-.08	-.11	.07	
6. Leader-member exchange	4.92	0.97	.18**	.35**	-.07	-.31**	.05

n = 286; * p < .05; ** p < .01

Table 2.2
Results of Multilevel Regression Analysis for Quality of Leader-Member Exchange

Variables	Model 1	Model 2	Model 3a	Model 3b
Leader's gender	.34 ⁺ (.16)	.18 (.13)	.16 (.13)	.17 (.13)
Leader's target effect for transformational leadership		.25 ^{**} (.08)	.22 ^{**} (.08)	.21 ^{**} (.08)
Leader's perceiver effect for transformational leadership		-.26 ^{**} (.07)	-.25 ^{**} (.07)	-.25 ^{**} (.07)
Leader's self-enhancement effect for transformational leadership		-.22 [*] (.09)	-.22 [*] (.09)	-.24 ^{**} (.09)
Follower's extraversion		.05 (.05)	.06 (.05)	.06 (.05)
Leader's target effect × follower's extraversion			.09 [*] (.05)	
Leader's self-enhancement effect × follower's extraversion				-.13 [*] (.05)
χ^2	759.57	724.03	720.07	718.20
$\Delta\chi^2$	4.81 [*]	35.54 ^{***}	3.96 [*]	5.83 [*]

n = 286; ⁺ p < .10, ^{*} p < .05; ^{**} p < .01; ^{***} p < .001

Figure 2.2a
Interaction of Leaders' Target Effect for Transformational Leadership and Follower's Extraversion

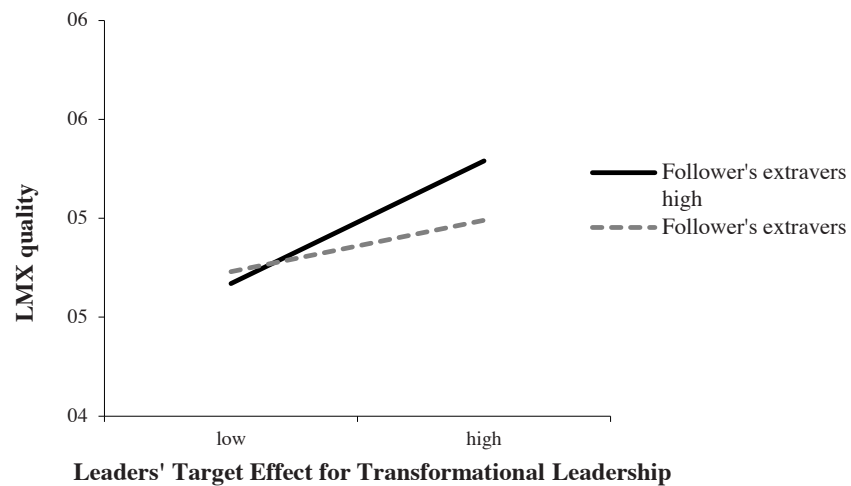
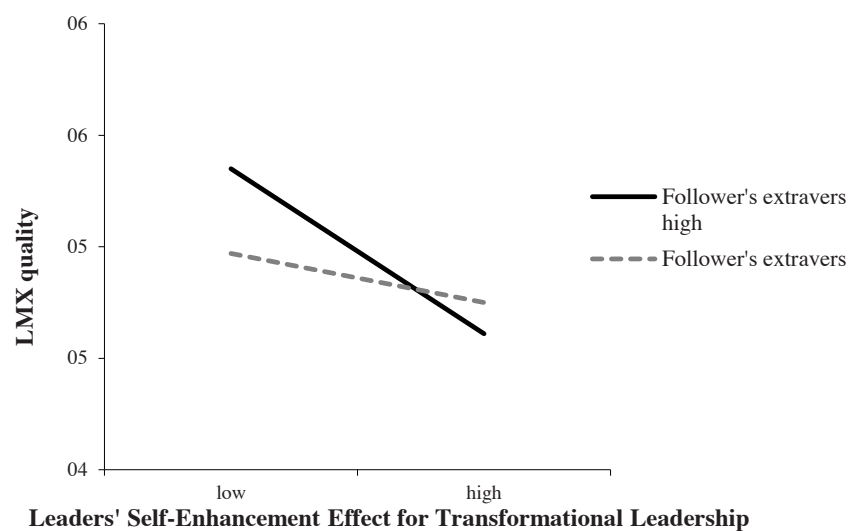


Figure 2.2b
Interaction of Leaders' Self-Enhancement Effect for Transformational Leadership and Follower's Extraversion



Consistent with previous research, the present results show that leaders who are perceived by their followers as being highly transformational (have a high target effect) had higher quality LMX relationships with their followers than leaders who are not viewed so highly in these terms. In contrast, leaders' enhanced self-perceptions of transformational leadership behavior were found to be *negatively* related to LMX quality. These findings empirically underpin the claimed relevance of including both a leader's self-perceptions and followers' perceptions by showing that leadership perceptions from both sides of the leadership process can be related to LMX in different ways. Moreover, both the positive influence of the target effect (follower perceptions) and the negative influence of the self-enhancement effect (leader's self-perception) in relation to LMX were more pronounced with extravert followers.

We also included the perceiver effect for transformational leadership in our analysis. The perceiver effect reflects a leader's potential tendency to perceive followers' behaviors as relatively positively. Interestingly, our results indicate that positively biased leaders develop relatively low quality exchange relationships with their followers. Although one could convincingly argue that being positive about a person's behavior can enhance the quality of the relationship (Livi et al., 2008), this argument does not seem to hold for the specific leader-follower exchange relationship considered here. A tentative explanation for this finding starts with the premise that leaders who are overly positive about their followers' behavior may demonstrate less transformational leadership simply because they believe that such investment on their part is not needed. If followers subsequently perceive that their leader is investing less effort in their relationship than they expect, they may reciprocate by also lowering their investment. More research is needed to examine the robustness of this finding and to examine potential underlying mechanisms that could explain the negative influence of leaders' perceiver effect on the quality of the leader-member exchange relationship.

Another unexpected and interesting finding was that followers of female leaders not only reported exchange relationships of higher quality, they also indicated that their leader was more transformational than the average evaluation of male leaders. These findings are in line with earlier research that found that female leaders more often than men adopt a transformational style of leadership and more often reward followers for appropriate behavior (Eagly et al., 2003). Moreover, our results showed that female leaders were less prone to self-enhancement of their transformational behavior than their male

colleagues. This latter finding could stem from the “male as leader stereotype” that is prevalent in society (e.g. Eagly, 2007; Eagly & Karau, 1991). Whether this stereotype is true or not, this general belief may put more pressure on male leaders than on female leaders to exhibit stereotypically effective leadership behavior. Combined with the finding that men are less ‘equipped’ to demonstrate transformational behavior (e.g. Eagly et al., 2003), this pressure may lead to greater self-enhancement of transformational behavior by male than by female leaders.

Theoretical implications

Taken together, our findings have several implications for research on both leadership and self-enhancement. First, our study provides support for the claim that self-perception is an interpersonal phenomenon that should not be investigated without considering perceptions of and by others (Kwan et al., 2004). Using the interpersonal approach to self-perception, we have shown the relevance of breaking down leadership self-perceptions into three components: a target effect, a perceiver effect, and an idiosyncratic self-enhancement effect. Differential effects on LMX quality were identified for each of these distinct components of a leader’s self-perception of their transformational behavior. Further, although this interpersonal approach has previously been used to investigate self-perceptions of leadership in experimental research (see Livi et al., 2008), to our knowledge the present study is the first that assesses leaders’ self-perceptions of their transformational behavior in a field setting. A further aspect is that whereas previous studies on the leadership behaviors of all team members in what amount to leaderless teams, the present study focuses on the leadership behavior of one focal person in a team, i.e. the leadership behavior of a formal leader.

Second, our results have implications for self-enhancement theory. Theory and research on this topic have been characterized by an ongoing debate as to whether self-enhancement is adaptive or maladaptive. Some scholars argue that self-enhancement serves to engender and preserve high levels of self-esteem and a positive self-concept (e.g. Taylor & Brown, 1988, 1994; Taylor, Lerner, Sherman, Sage, & McDowell, 2003). Research drawing on this perspective suggests that individuals who show evidence of optimism about themselves are better able to take care of others and are better liked by others (e.g., Taylor & Brown, 1988; Taylor et al., 2003). Other scholars, however, have suggested that while self-enhancement may be adaptive when it

comes to intra-psychic criteria such as self-esteem, it is likely to be maladaptive for establishing and maintaining interpersonal relationships (e.g. Colvin et al., 1995; Robins & Beer, 2001), and especially in the longer term (Paulhus, 1998). Studies guided by this viewpoint found that even though the self-confidence and optimism of self-enhancers may be initially attractive, they eventually offend and alienate others when more discrepancies between self-enhancers' claims and actual behaviors emerge (e.g., Anderson et al., 2008; Anderson et al., 2006; Asendorpf & Ostendorf, 1998; Colvin et al., 1995; John & Robins, 1994; Paulhus, 1998; Robins & Beer, 2001). The participants in our sample had worked with each other over a considerable period of time, and so our results provide support for the latter perspective that, in the longer term, self-enhancement is maladaptive in the intrinsically interpersonal context of leadership.

The third and final implication of our findings relates to our results that showed that follower extraversion moderates the influence on LMX quality of both the leader's target effect and the self-enhancement effect of transformational leadership. As such, this study contributes to theorizing on the role of follower characteristics in explaining leadership effectiveness (Howell & Shamir, 2005; Lord et al., 1999; Zhu et al., 2009) by identifying follower extraversion as a boundary condition that not only shapes the effect of followers' perceptions of leadership but also that of leaders' self-perceptions. Incorporating follower characteristics, such as extraversion, in research on leadership processes and outcomes does justice to the notion that leadership is a relational phenomenon in which leadership and followership both play important roles.

Limitations and future research

The use of a round-robin design, multiple data sources, and rigorous procedures to analyze the data are some of the strengths of the present study. However, there are also some limitations that we should address. First, when considering the generalizability of our findings, we recognize that our sample came from only two Dutch organizations, both operating in the 'soft' sector (education and healthcare), and is therefore limited in terms of heterogeneity. Further research is needed to test the generalizability of our results, for instance in organizations in 'harder' sectors where the need for profitability may put greater demands on leaders. Further, the Dutch culture has been characterized as individualistic (Hofstede, 2001) and there is evidence that differences exist in

the form and acceptableness of self-enhancement between individualistic cultures and more collectivistic ones (e.g. Sedikides et al., 2003). Future research should therefore investigate the effect of self-enhancement of transformational behavior on LMX quality in collectivistic cultures that more strongly value interpersonal harmony. Such research could also contribute to the recent debate on the universal nature of self-enhancement (Henrich, Heine, & Norenzayan, 2010).

Second, as with most empirical studies, we must acknowledge that our cross-sectional design precludes causal inferences. Seen that maintaining high self-esteem is thought to be one of the key reasons for people to self-enhance (Taylor & Brown, 1988), one could argue that a leader's poor effectiveness (as indicated by low quality LMX) would lead them to self-enhance, thus adopting a self-protecting rather than a self-advancing perspective on self-enhancement (Sedikides & Gregg, 2008). Another, highly plausible, possibility is that self-enhancement and LMX quality reciprocally influence each other in a downward spiral. Longitudinal research could address issues related to the direction of causality. Further, a longitudinal design would allow study of the dynamics of LMX development in relation to leader self-enhancement.

Third, while research has shown that self-enhancement may have short-term benefits, due to impression management for example, the long-term effects of self-enhancement are likely to become detrimental (e.g. Colvin et al., 1995; Paulhus, 1998, Robins & Beer, 2001). Indeed, followers may be initially impressed by their leader's claims, perceiving large investment on the part of their leader, and reciprocate likewise (Wang et al., 2005). Over time, however, they may start to recognize their leader's inflated claims leading to a drop in LMX quality. In general, the leaders and followers in the present study had worked together for more than two years and, therefore, we would expect the LMX relationships to have become well established. In new or young teams, the results may well be different. Longitudinal research designs with multiple measurement periods, in which teams are studied from their conception onwards, are necessary to uncover the short- and longer-term effects of self-enhancement on relevant outcome variables.

Practical implications

Overall, our findings suggest that followers' perceptions of their leader's transformational leadership behaviors are positively related to the quality of leader-member exchanges, which supports the potential usefulness of training programs aimed at increasing leaders' transformational skills and abilities

(Barling, Weber, & Kelloway, 1996). At the same time, however, our results indicate that leaders' enhanced perceptions of their transformational leadership behavior are detrimental for leadership effectiveness. Given that self-enhancement is a general tendency, this suggests the importance of efforts aimed at reducing leaders' tendency to form an overly positive view of their transformational leadership behavior. One way to realize this may be through organizations using existing 360° feedback programs. Using the interpersonal approach to self-enhancement, as described in this article, the information available from such programs can be used to determine leaders' self-enhancement scores. This information can subsequently be used in leadership development programs to provide leaders with knowledge about how their followers view them, and to provide insights on the differences between their own perceptions of their leadership behavior and those of their followers. This information could be used to guide discussions between leaders and followers about effective leadership behavior. Alternatively, one might train leaders to more actively seek feedback from their followers about their behavior. Although organizations should be aware that leaders may sometimes filter the feedback they receive, and only absorb elements that match their self-image or simply discard negative feedback as incorrect or unjust (Ditto & Boardman, 1995; Ditto & Lopez, 1992; Taylor & Brown, 1988), research also suggests that actively seeking feedback increases leader effectiveness (e.g. Ashford & Tsui, 1991). Follow-up activities such as discussing the acquired feedback with followers might prove useful, especially when considering self-enhancement tendencies, as it would allow leaders to verify their interpretation of the feedback and increase their accountability for actually using the feedback (Walker & Smither, 1999). Such interventions may help to turn hubristic, self-enhancing leaders into more transformational and heroic ones, which may ultimately benefit follower, team, and organizational performance.

Chapter 3

The Role of Vertical Conflict in the Relationship between Leader Self-enhancement and Leader Performance²

Three decades of research have revealed overwhelming evidence for the positive effects of transformational leadership (i.e., leadership based on charismatic and visionary behavior) on leader, subordinate, group, and organizational performance (e.g., Judge & Piccolo, 2004; Lowe, Kroeck, & Sivasubramanian, 1996). It thus comes as no surprise that today's leaders are expected to be not only highly inspirational and charismatic but also sensitive and considerate toward their subordinates' needs (Kark & Shamir, 2002; Wang & Howell, 2010). These high expectations put pressure on leaders to portray themselves as 'good' transformational leaders (cf. Jung & Sosik, 2006; Sosik, Potosky, & Jung, 2002) and may lead them to see their transformational behaviors through a self-favoring lens (cf. Taylor & Brown, 1988; 1994, Taylor, Lerner, Sherman, Sage & McDowell, 2003a). Indeed, research has suggested that many leaders hold such inflated self-perceptions of their transformational leadership behavior (e.g., Fleenor, Smither, Atwater, Braddy & Sturm, 2010; Livi, Kenny, Albright, Pierro, 2008).

Although inflated self-perceptions of transformational behavior may boost leaders' feelings of efficacy and confidence (Taylor & Brown, 1988, 1994), research has suggested that such overestimation may have deleterious effects. Authentic leadership scholars, for instance, argue that leaders are more effective when they possess more accurate self-knowledge, and use that knowledge to demonstrate they are cognizant of their impact on others (Hannah, Woolfolk, & Lord, 2009). Consistent with this view, Van Velsor, Taylor, and Leslie (1993) found that leaders who overestimate their transformational behavior receive lower performance ratings from their subordinates. Likewise, Atwater and Yammarino (1992), and Brutus, Fleener and Tisak (1999) reported that overestimation of leadership behavior is associated with lower supervisor ratings of leader performance. Interestingly, however, no study has empirically investigated the processes that could explain

² This chapter is based on Van der Kam, Janssen, Van der Vegt, & Stoker (submitted).

this negative relationship between leaders' self-enhancement of transformational behavior and their performance. This gap in the literature is unfortunate because, although examining direct relationships is an important first step in any research program, the articulation and understanding of mediating mechanisms is critical if we are to truly understand, predict, and, ultimately manage a given phenomenon (Anderson et al., 2006).

Based on a growing body of social psychological evidence indicating that self-enhancement generally produces negative effects on interpersonal processes and relationships such as reduced camaraderie, increased animosity, and even social exclusion (e.g., Anderson, Ames, & Gosling, 2008; Anderson, Srivastava, Beer, Spataro, & Chatman, 2006; Colvin, Block & Funder, 1995; Paulhus, 1998; Robins & Beer, 2001), we examine whether disrupted interpersonal processes might explain the negative relationship between leader self-enhancement and performance. More specifically, we propose that an important explanation for the negative effects of self-enhancement on leader performance can be found in disputes, or clashes between a leader and his or her subordinates. Hereafter we refer to such leader – subordinates clashes as vertical conflicts (cf. Xin & Pelled, 2003). Drawing from intra-team conflict research (for an overview, see De Dreu & Weingart, 2003), we suggest that leader self-enhancement is positively related to two different types of vertical conflict between leaders and subordinates: task and relationship conflict. We further argue that both vertical task and vertical relationship conflicts are negatively related to leaders' performance.

By doing so, the contributions of this study are twofold. First, by focusing on vertical conflict as an explanatory mechanism, we open the 'black-box' relationship between leader self-enhancement and leader performance. This should enable more accurate predictions, and should suggest ways to mitigate the negative consequences of leader self-enhancement. Second, although seemingly inherent to the leadership process, the issue of vertical conflicts between a leader and subordinates has received surprisingly little attention (e.g., Frone, 2000; Janssen, 2004; Xin & Pelled, 2003). Following Xin and Pelled (2003), we demonstrate the usefulness of applying concepts from the intra-team conflict literature to the relationship between a leader and subordinates. Moreover, we identify leader self-enhancement as a potential antecedent and low leader performance as a potential outcome of vertical conflict.

Theoretical Background and Hypotheses

Self-enhancement of Transformational Leadership Behavior

Self-enhancement has been defined as the desire to maintain, protect, and boost a positive self-concept (Leary, 2007). Although cultural differences exist, self-enhancement is considered to be a universal human tendency (Sedikides, Gaertner, & Toguchi, 2003; Gaertner, Sedikides, & Chang, 2008). Abundant research has shown that people tend to hold inflated perceptions of their favorable attributes, abilities, and behavior and that this tendency can explain a wide variety of psychological and behavioral phenomena (for overviews see Dunning, Heath, & Sulls, 2004; Leary, 2007; Sedikides & Gregg, 2008).

Although the tendency to self-enhance is well established, the question of whether self-enhancement is beneficial or detrimental to an individual's functioning continues to be debated. On the one hand, self-enhancement is thought to promote individual well-being because it boosts self-esteem, self-confidence, and self-efficacy (Taylor & Brown, 1998, 1994; Taylor, Lerner, Sherman, Sage, & McDowell, 2003a). Taylor and Brown (1988) argued that these 'positive illusions' produce positive outlooks on the future, provide a sense of control in uncertain and stressful environments, and thus serve to defend us against stress (e.g., Bonanno, Rennie, Dekel, 2005; Taylor, Lerner, Sherman, Sage, & McDowell, 2003b). On the other hand, self-enhancement is associated with deception and self-serving attributions that may offend or alienate others (e.g., Anderson et al., 2006; Anderson et al., 2008; Asendorpf & Ostendorf, 1998; Campbell, Bush, Brunell, & Shelton, 2005; Colvin et al., 1995; Robins & Beer, 2001). From this perspective, self-enhancement is detrimental to a person's relationship with others, because it hinders effective social functioning. Thus, although self-enhancement seems to have some beneficial *intrapersonal* effects, it also has detrimental *interpersonal* effects, leading several scholars to conclude that self-enhancement is, at best, a 'mixed blessing' (e.g., Kwan, John, Kenny, Bond, & Robins, 2004; Paulhus, 1998; Robins & Beer, 2001).

The present study investigates self-enhancement in leadership contexts. Because leadership is inherently an interpersonal influence process, self-enhancement in leaders' behavior may be negatively related to leadership processes in which leaders and subordinates need to reach mutual understanding and agreement about "what needs to be done and how to do it" (Yukl, 2010: 26). This might be especially true for self-enhancement of

transformational leadership behavior, because close and harmonious relationships are considered essential to the leadership influencing process within the transformational leadership paradigm (Bass, 1985). Transformational leadership comprises a set of behaviors that includes developing and articulating a clear vision, being a role model, promoting cooperation amongst subordinates, communicating high performance expectations, providing individualized support, and intellectually stimulating subordinates (Bass, 1985; Podsakoff, MacKenzie, Moorman, & Fetter, 1990).

Research on the overestimation of transformational leadership behaviors has argued for, and demonstrated, a negative relationship between self-enhancement and leader performance (e.g., Atwater & Yammarino, 1992; Atwater, Ostroff, Yammarino & Fleenor, 1998; Bass & Yammarino, 1991; Brutus, et al., 1999; Fleenor, et al., 2010; Furnham & Stringfield, 1994; Sosik, 2001; Van Velsor, et al., 1993). Because leader performance is difficult to define outside a specific organizational context (Yukl, 2010), these studies have focused on leader performance in broad terms, such as leader effectiveness in completing tasks and attaining team or organizational goals. A main assumption in these studies has been that leaders' accurate assessment of their own transformational leadership behavior is essential for high leader performance (cf. Yammarino & Atwater, 1997). Leaders who form overly positive perceptions of their transformational leadership behavior (i.e., leaders who self-enhance) are assumed to be ineffective in adjusting their behavior because they tend to ignore or discard developmental feedback (e.g., Atwater et al., 1998; Atwater, Waldman, Ostroff, Robbie, & Johnson, 2005; Yammarino & Atwater, 1997; Furnham & Stringfield, 1994; Sosik, 2001). Moreover, self-enhancing leaders are thought to engage in tasks they believe they can successfully complete but that are actually "out of their league", thereby putting themselves at risk of failure (e.g., Atwater & Yammarino, 1992; Atwater et al, 1998).

Although these studies have clearly documented negative repercussions of leader self-enhancement for leader performance (i.e. a direct relationship), the mediating mechanisms explaining this relationship have not been empirically studied. Moreover, the proposed reasons for the negative repercussions of self-enhancement predominantly focus on *intra*-personal, leader-based, psychological mechanisms (e.g., ignorance of feedback and risk-taking tendencies). Social psychological research, however, has shown that self-enhancement has particularly detrimental *inter*-personal effects because it hinders effective social functioning (e.g. Paulhus, 1998; Robins & Beer, 2001).

In this study, we therefore aim to identify and examine *inter*-personal processes between leaders and subordinates that can provide further insight into the leader self-enhancement – leader performance relationship. Specifically, we develop and test hypotheses regarding how leaders' inflated self-perceptions of their transformational leadership behaviors may be related to vertical conflict between leaders and subordinates and, further, how such conflicts relate to leader performance.

Self-enhancement of Transformational Leadership Behavior and Vertical Conflict

Transformational leaders attempt to influence subordinates by transforming their values, beliefs, and attitudes such that they become aligned with the missions, goals and values of the organization (Bass, 1985; Yukl, 2010). This implies that leader performance is largely determined by the extent to which a leader succeeds in reconciling the organization's and subordinates' differing, and perhaps even conflicting, goals, values, and beliefs. Based on leader-member exchange theory (Maslyn & Uhl-Bien, 2001), we suggest that self-enhancing leaders will not be very effective in dealing with such differences and conflicts. Leaders who self-enhance their transformational leadership are likely to overestimate their investments in the exchange relationship with their subordinates. Subordinates are likely to reciprocate suboptimal leader investments by questioning the leader's decisions and lower levels of loyalty, affect, and professional respect for the leader, thereby increasing the likelihood of vertical conflict (Wang, Law, Hackett, Wang, & Chen, 2005).

This reasoning suggests a positive relationship between leader self-enhancement and vertical conflict in general. However, much research examining conflicts between co-workers in work groups has shown that interpersonal tension typically takes two forms. That is, as individuals contribute to a team through executing tasks and providing social inputs, conflicts in groups are usually concerned with both task and relationship issues (e.g., De Dreu & Weingart, 2003; Jehn, 1995). Based on this intra-team conflict literature, we make a distinction between vertical task and vertical relationship conflicts. Vertical task conflict involves disagreements between a leader and subordinates about task-related issues such as the development and implementation of work policies, procedures, allocations of resources, and work contents (cf. Jehn, 1995). Vertical relationship conflict refers to clashes between a leader and subordinates regarding personal norms, values, preferences, and interpersonal style (cf. Jehn, 1995).

There are several reasons to expect that leaders who have inflated perceptions of their own transformational leadership behavior might provoke and sustain vertical *task* conflict with their subordinates. First, transformational leadership is, at least in part, aimed at communicating the importance of group tasks, creating shared values and beliefs, and fostering the acceptance of group goals (Wang & Howell, 2010). Associated transformational behaviors include emphasizing group identity, communicating a clear vision, and promoting cooperation (cf. Podsakoff, et al., 1990; Wang & Howell, 2010). Leaders who over-estimate the extent to which they provide vision, clarify shared goals, or promote cooperation, may fail to fully communicate to subordinates the meaning and importance of parts of the group's task. Moreover, self-enhancing leaders may fail to guide subordinates towards putting group or organizational goals ahead of personal goals because these leaders incorrectly believe they have sufficiently emphasized the value of collective identity to their subordinates. When leaders and subordinates operate based on different interpretations or expectations of task importance and group goals, conflicts concerning work policies, procedures, methods and resource allocation are likely to occur.

Second, self-enhancement may lead to task conflict because subordinates are highly dependent on their leaders for task-related resources, such as information, rewards, and benefits, and therefore tend to scrutinize their leaders' actions in an effort to predict their own fate (Fiske, 1993). Leaders' displays of confidence and optimism may initially inspire and motivate subordinates (cf. Taylor & Brown, 1988; Taylor et al., 2003a), however when such confidence and optimism stem from inflated self-perceptions, subordinates may soon start to notice the discrepancy between self-enhancing leaders' claims and their actual behavior and disappointing behavioral outcomes (e.g., Paulhus, 1998; Robins & Beer, 2001; Sosik & Jung, 2003). Subordinates who repeatedly notice that their leader's claims are unrealistic are likely to question their leader's decisions and directions concerning task-related matters and issues. Leaders might subsequently interpret their subordinates' criticizing as a lack of respect for their organizational position; consequently, a negative task-conflict spiral ensues (Xin & Pelled, 2003).

There are also good reasons to believe that leader self-enhancement of transformational behavior might be associated with vertical *relationship* conflict. First, self-enhancement in general has been linked to interpersonal insensitivity and lack of empathy (e.g., Colvin et al., 1995; Paulhus, 1998). Self-enhancing leaders might thus be ignorant of their subordinates' preferences, which is likely

to impede effective transformation of these preferences. Such implies that subordinates might not fully put aside their personal goals, needs, and values; thus, they may not be as dedicated as the leader expects. From the leader's perspective this lack of dedication may trigger disputes over the subordinates' personal goals and needs. Because self-enhancers often believe that others' arguments are less objective and less fair than their own (Pronin, Lin, & Ross, 2002; Pronin, Ross, & Gilovich, 2004), differences in personal preferences and perspectives between leaders and subordinates might spring interpersonal clashes (cf. Leary, 2007).

Second, cultural norms typically dictate modesty, and most people are aware of these norms (Taylor et al., 2003a). People who violate modesty norms are likely to encounter negative evaluations. Research on self-enhancement shows that people who self-enhance (i.e., who violate the modesty norm) are generally disliked and are described as hostile, defensive, and arrogant (Colvin et al., 1995; Leary, 2007; Johnson et al., 2010; Paulhus, 1998; Robins & Beer, 2001). Moreover, self-enhancement is linked to self-centeredness and egotism; personality characteristics that are generally not socially appreciated. Thus, we argue that, combined with undesirable interpersonal attitudes and personal characteristics, a leader's inability to fully transform their subordinates' goals, needs, and values may provoke vertical relationship conflict. Based on the above lines of reasoning, we present Hypothesis 1.

Hypothesis 1: Leader self-enhancement of transformational leadership behavior is positively related to vertical task conflict (H1a) and vertical relationship conflict (H1b).

Vertical Conflict and Leader Performance

The team conflict literature has extensively documented the performance consequences of task and relationship conflict (e.g., De Dreu & Weingart, 2003; Jehn, 1995, 1997). Initially, researchers examining intra-team conflict suggested that task conflict positively affects team performance, whereas relationship conflict has the opposite effect (e.g., Carnevale & Probst 1998; De Dreu & West, 2001; Jehn, 1995). However, a meta-analysis by De Dreu and Weingart (2003), summarizing the results of 28 conflict studies, revealed no evidence of positive relationships between task conflict and performance. Instead, the overall effects of both task and relationship conflicts were mildly to moderately negative. Although the studies in this meta-analysis all examined conflicts between co-workers, there are reasons to believe that

vertical task and relationship conflicts between leaders and subordinates may similarly negatively affect leader performance.

When task conflicts between a leader and subordinates develop, the leader must spend time and energy to manage conflicts with subordinates. Indeed, from an information processing perspective, it can be argued that vertical task conflict will draw cognitive resources away from the main tasks. When vertical task conflict increases, so does the accompanying cognitive load for the leader, hindering efficient information processing (Carnevale & Probst, 1998; Jehn, 1995). Consequently, leader performance is likely to suffer. Apart from draining the leader's cognitive resources, task conflicts can also command subordinates' cognitive resources, weakening their performance. Moshavi, Brown, and Dodd (2003) found that subordinates performed worse when leaders inflated their self-perception regarding transformational behavior. Because leaders are responsible and accountable for their team's performance (i.e., the combined performance of individual team members), leader performance is also likely to be indirectly affected by task conflict.

Additionally, the potentially positive effects of moderate levels of task conflict among team members, resulting from processing and integrating multiple viewpoints (e.g., De Dreu & West, 2001; Jehn, 1995), are less likely to be achieved in case of vertical task conflict, and especially not so when self-enhancement is involved. The hierarchical relationship between leaders and subordinates may hinder the open discussion and integration of differing viewpoints during task conflicts. Moreover, because self-enhancement is strongly associated with self-serving biases (e.g. Pronin et al., 2002, Pronin et al., 2004), self-enhancing leaders are likely to favor their own arguments during vertical task conflicts, leading to suboptimal processing of relevant task information and viewpoints articulated by subordinates, and therefore to reduced performance.

Vertical relationship conflict may also negatively relate to leader performance. Research on intra-group conflict has shown that people who experience relationship conflict tend to meet others with cynicism, tend to psychologically or physically withdraw, and even tend to counteract others' effort (see Amason, 1996; Jehn, 1995; Xin & Pelled, 2003). These findings suggest that vertical relationship conflict may cause subordinates to view leaders' transformational efforts with cynicism, rendering such efforts futile. Moreover, to channel the anger and frustration that are inherently associated with relationship conflict, subordinates may engage in counter-active efforts

that undermine the status of their leader and thereby hurt the leader's performance. Thus, a leader's failure to effectively influence subordinates and subordinates' counter-active efforts can obstruct the leader from utilizing the full knowledge, skill or productive capacity of the team.

Furthermore, relationship conflict is highly emotional and inherently accompanied by tension, animosity, and annoyance (e.g., Amason, 1996; Jehn, 1995; Xin & Pelled, 2003). These features are likely to impede leaders' and subordinates' combined information-processing capabilities. Moreover, vertical relationship conflict tends to undermine effective leader-subordinate communication and cooperation because personal clashes not only produce hostile attributions to others' intentions but also reduce receptiveness to others' opinions and ideas (e.g., Baron, 1991, 1997; Janssen, Van de Vliert, & Veenstra, 1999). Finally, vertical relationship conflict directs substantial attention, energy, and time away from interdependent main tasks (Amason, 1996; Jehn, 1995). These reasons suggest that relationship conflict with subordinates inhibits self-enhancing leaders from smoothly completing assigned tasks and attaining team goals. Thus, we present Hypothesis 2.

Hypothesis 2: Vertical task conflict (H2a), and vertical relationship conflict (H2b) are negatively related to leader performance.

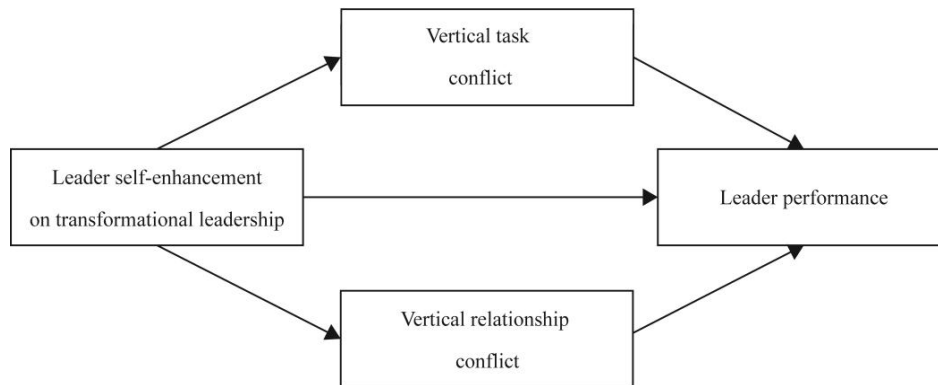
In sum, we argue that leader's self-enhancement is associated with both vertical task and relationship conflict and, further, that both types of vertical conflict affect leader performance. In combination, these hypotheses contribute to prior research by identifying vertical conflict as an underlying mechanism through which inflated leader self-perceptions of transformational behavior are related to leader performance. Thus, we present Hypothesis 3.

Hypothesis 3: Vertical task conflict (H3a), and vertical relationship conflict (H3b) mediate the relationship between self-enhancement and leader performance.

Our conceptual model with variables and their hypothesized relationships are depicted in Figure 3.1.

Figure 3.1

Conceptual Model



Method

Organizational context

The data for the present study were collected in two organizations, an educational institution and a mental healthcare institution. Both organizations were located in the Netherlands and employed about 2500 and 3000 employees, respectively.

The educational institution was a university of applied science which provides higher vocational education to some 25.000 students in 19 different 'schools'. A central board of directors was in charge of institution-wide affairs and together with the deans of each of the schools formed the top management team. The organizational structure within each school was roughly similar. General support functions like personnel, marketing, finance, and legal affairs were centralized at the institutional level. The dean supervised a number of team leaders, who supervised teams of teaching and teaching support staff. The team leaders who supervised the teaching staff and teaching support staff were the focal leaders for the present study. By and large these teams were responsible for maintaining the quality of the educational process, the development of the educational program, and day-to-day teaching activities.

The mental health care institution provided a broad range of services, including daycare programs, assisted living, intensive treatment, long-term

voluntary patient admissions and mandatory patient admissions. This institution consisted of five divisions, the directors of which, together with the central board of directors, formed the top management team. The divisions were similarly structured and each focused on specific patient target groups. Again, general support functions were centralized at the institutional level. The focal leaders for the present study were team leaders at the middle management layer of the organization. These team leaders supervised professionals who lead teams of mental healthcare professionals themselves and who, in many cases, were also active in day-to-day mental healthcare activities themselves. Amongst others, these teams were responsible for the guarding of budgets, maintaining high quality care, and effective day-to-day operations. The focal team leaders were supervised by the respective divisional directors.

Sample and Procedure

In total, we approached 61 team leaders (18 from the mental healthcare institution) and 401 team members (90 from the mental healthcare institution) for participation. After being informed about the research project by both the researchers and the respective HR departments, we asked candidates to participate. Participation was voluntary, and confidentiality was assured. We subsequently collected data using an online questionnaire to which participants were directed via e-mail. Furthermore, the focal leaders' direct superiors participated separately. In the educational institution these superiors were the schools' deans. In the mental health care institution the superiors were directors of each division. We asked these superiors to provide performance information for the team leaders under their direct supervision. In total, 18 superiors (13 school deans, and all 5 directors from the mental healthcare institution) provided performance ratings for 52 team leaders.

Overall, the procedure yielded a sample of 52 usable team leaders (85.2%) with 259 team members (64.6%). Seventeen team leaders and 85 team members were from the mental healthcare institution. The sizes of the participating teams (including the team's leader) ranged from 4 to 10, and the mean team size was 4.98 (SD = 1.44). Of the participating team leaders, 53.8% were female, the mean age was 47.88 years (SD = 5.65), and the mean team tenure was 37.27 months (SD = 51.59). Of the participating team members, 53.8% were female, the mean age was 43.48 years (SD = 10.25), and the mean tenure was 47.36 months (SD = 58.58).

Measurement

Self-enhancement of transformational leadership behavior.

Consistent with earlier research (Anderson et al. 2006; Lönnqvist, Leikas, Verkasalo, & Paunonen, 2008), we gauged the team leaders' self-enhancement of their transformational leadership behavior following the procedures outlined by Kwan and colleagues (2004). The main premise of their approach is that self-perceptions are not formed in isolation and thus cannot be studied without consideration of the fact that the self is a social agent "who always acts as a perceiver and is always a target of perception" (Kwan et al., 2004: 97). Collecting round-robin data (i.e. all persons in a group rate each other) on a construct of interest is necessary to capture all aspects of this interpersonal phenomenon and is often employed in research on disentangling sources of variance in leadership perceptions (see Livi, Kenny, Albright, & Pierro, 2008).

We collected round-robin transformational leadership data using a six-item scale adapted from the twenty-three-item scale for transformational leadership developed by Podsakoff, MacKenzie, Moorman, and Fetter (1990). We used only the highest-loading item for each of the six dimensions employed in the original study by these scholars to reduce strain on the participants as a result of our round-robin data collection procedure. The selected items were the following: *"Inspires others with his/her plans for the future"*; *"Develops a team attitude and spirit among employees"*; *"Leads by example"*; *"Will not settle for second best"*; *"Shows respect for my personal feelings"*; and *"Has stimulated me to rethink the way I do things"*. The items were translated into Dutch and reworked to reflect either self-perception, e.g., *"I develop a team attitude and spirit among employees"*, or perceptions of others, e.g., *"X develops a team attitude and spirit among employees"*. The scores on the six items were averaged to form a single higher-order indicator of transformational leadership, consistent with much of the research on transformational leadership (e.g., Judge & Piccolo, 2004). The internal consistency was high for both other-ratings (Cronbach's $\alpha = 0.82$) and self-ratings (Cronbach's $\alpha = 0.89$). To test the validity of our shortened scale, a subsample of subordinates (for 43 of the teams) completed both our shortened scale as well as the full 23-item scale on their leaders' transformational leadership. The shortened scale and the full scale demonstrated good convergent validity ($r = 0.90$; $p < 0.001$). Lastly, we tested to what extent team members' perceptions of their leader's transformational leadership behavior converged. The mean R_{wg} was 0.79, the median R_{wg} was 0.83 and the intra-class correlations reached satisfactory levels ($ICC[1] = 0.34$; $ICC[2] = 0.72$).

Combined, these figures indicated sufficient agreement among team members regarding their leader's transformational behavior.

Following Kwan and colleagues' procedure to determine a leader's self-enhancement, we next used both the other-ratings and the leaders' self-ratings to calculate a measure of leader self-enhancement on transformational leadership behavior, as explained below. This procedure involves two general steps. First, the round-robin transformational leadership other-ratings and self-ratings are analyzed using the SOREMO statistical package (Kenny, 1994, 1995; Kenny & LaVoie, 1984). For each participant, this analysis yielded a *target score*, which represents how transformational the participant is typically perceived by others in the group; additionally, the analysis yielded a *perceiver score*, which represents how transformational that person generally perceives others in the group.

The second step involves calculating the actual self-enhancement index. Self-enhancement is traditionally operationalized with either a self-insight approach or a social-comparison approach. The self-insight approach operationalizes self-enhancement as the difference between a person's self-perception and others' perceptions of that person (target score). For example, how transformational leaders perceive themselves to be compared to how transformational they are perceived by their subordinates. The social-comparison index operationalizes self-enhancement as the difference between a person's self-perception and that person's perceptions of others (perceiver score). For example, how transformational leaders perceive themselves compared to how transformational they perceive their subordinates to be. Kwan and colleagues (2004) demonstrated that both of these indices are potentially biased. The self-insight index is potentially biased because it ignores a general positivity bias persons may have in perceiving people, and thus in perceiving themselves. A leader may be quite positive about the transformational leadership behavior of people in general, and thus about his or her own transformational behavior. The social comparison index ignores the fact that a leader might actually be a better leader than his or her subordinates are. The index devised by Kwan and colleagues removes these potential confounds by combining both approaches. Moreover, their approach acknowledges that self-perceptions (and thus overly positive self-perceptions) are not created in isolation; rather, they are influenced both by others' perceptions and by their perceptions of others (Kenny, 1994; Kwan et al.,

2004). Thus, we calculated the leaders' self-enhancement regarding transformational leadership as:

$$SE_{\text{tf}} = \text{Self}_{\text{tf}} - T_{\text{tf}} - P_{\text{tf}} - G,$$

where SE_{tf} represents self-enhancement regarding transformational leadership behavior, Self_{tf} represents a leader's self-perceptions of transformational behavior, T_{tf} represents the target score for transformational behavior, P_{tf} represents the perceiver score for transformational leadership, and G represents the group's mean (for a detailed description of the procedure, see Kwan et al., 2004; Kenny, 1994).

Vertical task conflict. Team members reflected on the frequency with which they had task conflict with their team leader. We used a three-item scale based on Jehn (1995). The specific items used were prefaced by "How often do you and your team leader" and ended with the following items: "*Have different insights on work-related issues?*"; "*Have different approaches to the work to be done?*"; and "*Differ in perspective with regard to organizational questions?*" The internal consistency of the scale was high (Cronbach's $\alpha = 0.89$). Before aggregation, within-team agreement (mean $R_{\text{wg}} = 0.86$, median $R_{\text{wg}} = 0.89$) and between-team variability were assessed ($\text{ICC}[1] = 0.09$; $F = 1.48$, $p < 0.05$). Although the $\text{ICC}[2]$ was rather low (0.33), the high consensus and significant between-team differences justified aggregation (Bliese, 2000; Wu, Tsui, Kinicki, 2010).

Vertical relationship conflict. Team members also reflected on the frequency with which they experienced relationship conflict with their team leader. Three items, based on Jehn (1995), were used: "*How often is the relationship between you and your team leader disrupted?*"; "*How often are there clear annoyances between you and your team leader?*"; and "*How often is there a hostile atmosphere between you and your team leader?*" Internal consistency was high (Cronbach's $\alpha = 0.88$). To justify aggregation, we assessed within-team agreement (mean $R_{\text{wg}} = 0.94$, median $R_{\text{wg}} = 0.98$) and between-team variability ($\text{ICC}[1] = 0.09$; $F = 1.48$, $p < 0.05$). Although $\text{ICC}[2]$ was less than satisfactory (0.33), the within-team agreement and significant between-team differences suggested that aggregation was justified.

Leader performance. Leader performance was rated by the direct superior of the focal leader. Because the leaders in our sample came from different organizations with diverse tasks and responsibilities, we operationalized leader performance with a broad measure. In both organizations, superiors were at the executive level. These executives' time constraints precluded the use of elaborate performance scales. We therefore

chose to assess the focal leader's relative performance with one item from Denison, Hooijberg, and Quinn's (1995) performance scale. The item stated, "*To what extent does X perform...*", where X was replaced by the focal leader's name. The focal leaders' superiors responded on a 7-point scale ranging from "*far below average*" to "*far above average*". Although a large volume of research suggests that such single-item scales can reliably measure a construct (e.g., Wanous & Hudy, 2001; Bergvist & Rossiter, 2007), we approached 29 managers from the mental health care institution for a validation study, to examine the convergence of our one-item performance scale with published, validated scales. Twenty of these managers (68.9%) responded, and rated the performance of two randomly selected subordinates using the performance scales of Denison et al. (1995) and Wayne, Shore, and Liden (1997). The Pearson correlation between our one-item performance scale and the Denison et al. (1995) scale, excluding our focal item, was .85 ($p < .01$), and the correlation between our one-item scale and the Wayne et al. (1997) performance scale was .83 ($p < .01$). Moreover, an exploratory factor analysis revealed that all items loaded on a single factor with an eigenvalue of 8.79. These results suggest that our single-item measure adequately reflected the focal leaders' performance.

Control variables. Leader gender and tenure were included as control variables. Both variables have been conceptually and empirically linked to inaccurate self-perceptions (Fleenor et al., 2010). Furthermore, both variables were correlated to our outcome variable, leader performance. We could not include age as a control variable because the data regarding focal leaders' age were incomplete. Leader gender was dummy-coded 0 for males and 1 for females. Leader tenure was measured by how many months the leaders had led their team.

Data analysis

Prior to testing our hypotheses, all non-dependent variables were standardized to facilitate interpretation of the results (Aiken & West, 1991). As mentioned above, our dependent variable was assessed by the focal leaders' superiors. Because each superior supervised several focal leaders, the performance data were 'nested' in the superior. To take the resulting potential statistical dependency in the data into account, we analyzed our data using hierarchical linear modeling in SPSS.

Our hypotheses suggest an indirect effects model, whereby the relationship between leader self-enhancement and leader performance is

mediated by vertical task and relationship conflict. To test this indirect effects model we employed an approach to testing mediation proposed by Baron and Kenny (1986). The steps involved in this procedure are assessing that the independent and the mediator variable(s) are significantly related (Step 1), that the independent and dependent variables are significantly related (Step 2), and that the mediator variable(s) are significantly related to the dependent variable while controlling for the independent variable (Step 3). In order to establish full mediation, the relationship between the independent and the dependent variables should become non-significant in Step 3 (i.e. when the mediator variables are added to the model).

Results

Descriptive Statistics and Correlations

The means, standard deviations, and zero-order Pearson correlations among the study variables are presented in Table 3.1. As Table 3.1 indicates, female leaders (dummy coded with 1) were rated with higher performance than their male colleagues ($r = .26, p < .10$). Leaders with longer team tenures received higher performance scores ($r = .26, p < .10$). Both types of vertical conflict were substantially correlated ($r = .64, p < .01$), which is consistent with previous research on task and relationship conflict in intra-group contexts (e.g., De Dreu & Weingart, 2003; Simons & Peterson, 2000). On average, focal leaders from the mental healthcare institution received lower performance ratings from their superiors ($r = -.52, p < .01$).

Hypotheses Testing

Table 3.2 presents the results of the analyses testing Hypotheses 1 to 3. Model 1a in Table 3.2 shows the regression of vertical task conflict on the control variables and leaders' self-enhancement of their transformational leadership. The results show that, after controlling for gender and tenure, leader self-enhancement is positively related to vertical task conflict ($b = .32, p < .01$). Model 1b in Table 3.2 shows the results for the regression of vertical relationship conflict on the control variables and leader self-enhancement. The results indicate that, in addition to increased task conflict, subordinates also reported higher levels of relationship conflict with leaders who self-enhanced more ($b = .21, p < .01$). Together, these results support Hypotheses 1a and 1b.

Model 2 in Table 3.2 shows the results for the analysis in which we regressed leader performance on the two control variables, and leader self-

enhancement. The results show that leader self-enhancement of transformational leadership behavior is negatively related to leader performance ($b = -.30, p < .05$). Model 3 in Table 3.2 shows the results for the regression analysis in which the control variables, self-enhancement as well as both types of vertical conflict are included as predictors of leader performance. Although Table 3.1 showed that vertical relationship conflict was not significantly related to leader performance ($r = -.15, n.s.$), we opted to include vertical relationship conflict in Model 3 to control for potential suppression or inflation effects as both types of vertical conflict were substantially related. The results show that vertical task conflict is negatively related to leader performance ($b = -.42, p < .01$) but that vertical relationship conflict is unrelated to leader performance. These results support Hypothesis 2a but fail to support Hypothesis 2b.

Additionally, Model 3 in Table 3.2 shows that, by controlling for vertical task conflict, the relationship between leader self-enhancement and leader performance becomes non-significant ($b = -.20, n.s.$), thereby suggesting that vertical task conflict mediates the relationship between leader self-enhancement and performance. In order to further assess the indirect effect of leader self-enhancement on leader performance through vertical task conflict we calculated the significance of this indirect effect by means of a Sobel (1982) test. The result of this analysis revealed that the indirect effect was significant ($Z = -2.29, p = 0.02$). However, because the accuracy of the Sobel test as a test of indirect effects has been criticized, we conducted an additional test for the significance of the indirect effect of leader self-enhancement on performance using Monte Carlo resampling (MacKinnon et al., 2004). The results of this analysis further supported the indirect effect of leader self-enhancement on performance via vertical task conflict (95% confidence interval = $-.26$ to $-.04$, bootstrap $N = 1000$ samples). Together with the results from our regression analyses these results support Hypothesis 3a, but not Hypothesis 3b: Vertical task conflict, but not vertical relationship conflict, mediates the relationship between leader self-enhancement of transformational leadership and leader performance.

Additional Analyses

The data collected in the present study are cross-sectional in nature. Therefore, it is possible that the direction of causality for the relationships between the variables in our model is exactly opposite to what we suggested. Poor leader performance can be stressful and frustrating, and leading to reconsideration of goals and tasks, which may serve as a basis for conflict

Table 3.1
Descriptive Statistics and Pearson Zero-Order Correlations among the Study Variables

Variable [§]	M	SD	1	2	3	4	5
1 Leader gender [¶]	0.54	0.50					
2 Leader team tenure (in months)	37.27	51.59	0.07				
3 Leader self-enhancement on TFL [□]	-0.03	1.24	-0.17	0.01			
4 Vertical task conflict	3.23	0.65	-0.07	0.22	0.50 ^{**}		
5 Vertical relationship conflict	1.57	0.47	0.04	0.27 [†]	0.43 ^{**}	0.64 ^{**}	
6 Leader performance rated by superior	5.54	1.06	0.26 [†]	0.26 [†]	-0.40 ^{**}	-0.44 ^{**}	-0.15

§ n = 52. ¶ Dummy coded, with 0 indicating male and 1 indicating female. † p < 0.10; * p < 0.05; ** p < 0.01.

□ TFL = Transformational leadership behavior

Table 3.2

Hierarchical Linear Modeling of the Effect of Leader Self-enhancement of Their Transformational Leadership Behavior on Leader Performance Through Vertical Task Conflict and Vertical Relationship Conflict

Variables [§]	Vertical task conflict		Vertical relationship conflict		Leader performance					
	Model 1a		Model 1b		Model 2			Model 3		
	B	SE	B	SE	B	SE		B	SE	
Leader's gender	.00	.15	.09	.11	.24	.23		.28	.22	
Leader's team tenure	.13 [†]	.07	.12 [*]	.05	.24 [*]	.11		.30 ^{**}	.11	
Leader's self-enhancement of TFL [¶]	.32 ^{**}	.08	.21 ^{**}	.06	-.30 [*]	.11		-.20	.13	
Vertical task conflict								-.42 ^{**}	.15	
Vertical relationship conflict								.14	.15	
χ^2	84.45		52.37		130.40			124.00		
$\Delta\chi^2$ (df) [‡]	14.33 (1) ^{**}		11.92 (1) ^{**}		6.62 (1) [*]			13.02 (3) ^{**}		

§ n = 52. [¶] Dummy coded 0 and 1. [†] p < 0.10; ^{*} p < 0.05; ^{**} p < 0.01; [‡] TFL = Transformational leadership behavior.

[‡] Difference in -2 Log Likelihood against a model containing only control variables.

between leader and subordinates (cf. De Dreu & Weingart, 2003). Vertical conflict could, in turn, impel leaders to self-enhance as a means of maintaining high self-esteem and self-confidence during conflicts. Indeed, self-enhancement theory identifies self-protection as a motive for people to hold inflated perceptions of themselves (e.g., Leary, 2007; Sedikides & Gregg, 2008). To investigate the possibility of this reversed causality, we estimated an indirect effects model using leader performance as the independent variable, leader self-enhancement on transformational behavior as the dependent variable, and task conflict as the mediator. The results of this analysis showed that although leader performance was negatively related to task conflict ($b = -.39$, $p < .01$), vertical task conflict did not mediate the indirect effect of leader performance on leader self-enhancement (Sobel test: $Z = -1.34$, $p = .18$; Monte Carlo resampled 95% confidence interval = $-.31$ to $.04$, bootstrap $N = 1000$).

A variant of the above alternative model is that vertical conflict causes leader self-enhancement which, in turn, inhibits leader performance. The rationale for this model is that the threat of vertical conflict with subordinates can motivate leaders to protect themselves through self-enhancement (e.g. Gray & Densten, 2007), which would subsequently deteriorate their performance. However, as can be seen from Model 3 in Table 3.2, this alternative model also did not hold because the independent variable of task conflict remained to be highly significantly related to the dependent variable of leader performance, whereas the proposed mediator of leader self-enhancement was not significant in relation to leader performance.

Finally, an alternative model in which leader performance mediates the relationship between vertical conflict and leader self-enhancement was also not supported (Sobel test: $Z = 1.30$, $p = .19$; Monte Carlo resampled 95% confidence interval = $-.04$ to $.26$, bootstrap $N = 1000$).

Discussion

Drawing from social psychological literature on self-enhancement (e.g., Colvin et al., 1995; Kwan et al., 2004; Leary, 2007) and literature on interpersonal conflict at work (Amason, 1996; De Dreu & Weingart, 2003; Jehn, 1995), we predicted that leaders' inflated self-perceptions of their transformational leadership behavior would negatively impact the interpersonal processes between a leader and subordinates. Specifically, we argued that self-enhancement of transformational leadership behavior would be positively associated with both vertical task and vertical relationship conflict, which would subsequently relate to low leader performance. In a study of 52 leaders

supervising 259 subordinates, we replicated the findings from prior research (see Fleenor et al., 2010) that overestimation of transformational leadership behavior is negatively related to leader performance. More importantly, however, we found support for our hypothesis that vertical conflict mediates the relationship between leader self-enhancement of transformational behavior and leader performance. Leaders who had inflated perceptions of their transformational behavior were engaged in higher levels of conflict with their subordinates, which subsequently lowered leader performance.

However, a closer examination of the distinct mediation paths of vertical task and relationship conflict revealed that only vertical task conflict served as a significant mediator. Although leader self-enhancement was associated with task and relationship conflict with their subordinates, disputes and clashes over interpersonal incompatibilities were not associated with lower leader performance. A first explanation for this finding might be that employees do not act upon the negative feelings associated with relationship conflict in an open and direct way because doing so might be conceived as threatening by subordinates due to the leader's hierarchical position. Our sample consisted of highly educated employees who generally are politically savvy and might therefore be especially capable of channeling their displeasure in alternative ways that do not reduce leader performance. Moreover, such professionals may not reduce their commitment and dedication to their job and attainment of team goals because they are relatively autonomous in their jobs and can thus independently limit contact with their direct superiors. This explanation suggests that characteristics of subordinates and the tasks they perform may moderate the relationship between relationship conflict and leader performance. Another explanation for the lack of a relationship between vertical relationship conflict and leader performance may be that our focal leaders' performance was rated by their direct superiors. These top level managers may be mainly focused on the timely attainment of task-related targets by our focal leaders, thereby largely ignoring, or being ignorant of, disrupted interpersonal relations. This explanation suggests that the use of alternative leader performance measures might yield different results. Additional research including moderator variables related to subordinates tasks and personal characteristics as well as alternative operationalizations of leader performance is needed to further disentangle the relationships between vertical task and relationship conflict and leader performance.

Strengths, Limitations, and Future Research

We regard the use of multiple data sources for the various variables in our model as a particular strength of our study. By using separate sources for our independent, mediator, and dependent variables, we avoid problems such as inflated main effects that are typically associated with common source variance (Wall, Jackson, Mullarkey, & Parker, 1996). Moreover, we regard the use of an interpersonal approach to self-enhancement based on SRM as an additional strength of this study, since this approach matches the interpersonal nature and context of leadership and leads to less biased estimates of self-enhancement (see Kwan et al., 2004).

However, we also identify some weaknesses and opportunities for future research. The present study focused on leader performance (rated by the superior) as a single outcome variable. Future research might additionally explore the relationship between leader self-enhancement and both team performance and subordinate affective outcomes. As team performance is basically the sum of its members' performance and because leader self-enhancement has been found to negatively impact subordinate performance (Moshavi et al., 2003), leader self-enhancement is likely to be negatively related to team performance. Vertical task conflict might again be considered as a possible mediator in that relationship because it drains subordinates' cognitive resources for main task execution. Additionally, we believe it could be fruitful for future research to consider the role of affective outcome measures such as subordinate work satisfaction and job commitment. Whereas vertical *task* conflict may mediate the relationship between self-enhancement and leader performance, vertical *relationship* conflict might mediate the relationship between leader self-enhancement and affective outcomes.

Furthermore, the cross-sectional nature of this study does not allow for making definitive conclusions about the direction of causality. Another plausible model could contain a feedback loop (an input-mediator-output-input [IMOI] model; Ilgen, Hollenbeck, Johnson, & Jundt, 2005). In such a model, leader self-enhancement is related to conflict with subordinates, which might result in poor leader performance, which in turn may lead to more leader self-enhancement as a means to cope with such negative outcomes. Additional research, preferably experimental or longitudinal in nature, is needed to unravel these causality concerns. Also, the data for the present study were collected in an educational institution and a mental healthcare institution, which both can be characterized as professional organizations. We suggest that additional research

in a different organizational context could contribute to generalizability of our findings.

Finally, future research might distinguish between short and long term effects of leader self-enhancement. Prior work on social consequences of self-enhancement suggests that self-enhancers are viewed relatively positively by others after the first brief interactions, but that the tide turns against them when others begin to detect their self-promotion in the longer term (e.g., Anderson, et al., 2008; Anderson et al., 2006; Colvin et al., 1995; Paulhus, 1998). This suggests that the negative relationship between leader self-enhancement and both leader and work group performance might become stronger over time.

Theoretical Implications

Despite possible limitations, our results also have several theoretical implications. Existing research regarding self-perception of leadership behavior in relation to performance primarily focuses on determining conditions under which self-perceptions are positively or negatively related to performance. Typically, these studies classify leaders as under-estimators, aware, or over-estimators of their own leadership behavior, and they subsequently compare performance ratings for each of these categories (e.g., Atwater & Yammarino, 1992; Moshavi et al., 2003; Sosik, 2001; Sosik & Megarian, 1999). Many of these studies originate from the domain of management development and therefore propose leader-based mechanisms (e.g., ignorance of feedback, risk-taking behavior) as explanations for reduced leader performance among leaders who overestimate their leadership abilities. Moreover, these studies do not empirically assess the proposed underlying mechanisms. In the present study, we shifted the focus from leader-based explanations to an interpersonal explanation for reduced leader performance. Drawing from social psychological literature and research on self-enhancement (e.g., Colvin et al., 1995; Paulhus, 1998; Leary, 2007), we argued that an interpersonal approach to explaining the negative outcomes of leader self-enhancement is useful and important. As influencing processes between a leader and subordinates are key to leadership and thus to leader performance, the search for interpersonal explanatory mechanisms underlying the detrimental effects of leader self-enhancement ‘fits’ the interpersonal nature of the leadership process. Our results regarding the mediating role of vertical task conflict support our claim that such an interpersonal approach is fruitful.

Furthermore, our findings contribute to the recurring debate regarding whether self-enhancement is adaptive or maladaptive for a leader’s functioning.

In accordance with the view that self-enhancement promotes self-esteem, self-confidence, and self-efficacy (Taylor & Brown, 1998, 1994; Taylor et al., 2003a), Sosik and Jung (2003) proposed that positive illusions impel impression-management processes through which transformational leaders exert an exceptional influence on their subordinates' attitudes and performance. However, opponents of the positive illusions framework have argued that self-enhancement hinders interpersonal functioning because it is associated with deception and self-serving attributions that can offend or alienate subordinates (e.g., Anderson et al., 2006; Anderson et al., 2008; Asendorpf & Ostendorf, 1998; Campbell et al., 2005; Colvin et al., 1995; Robins & Beer, 2001). Our results show that self-enhancement in leadership is likely to be maladaptive as vertical conflict may build up and leader performance may drop consequently.

Our findings also extend research on conflict between a leader and subordinates. Given that conflict and conflict resolution are inherent to the leadership process, surprisingly little research has addressed vertical conflict (however, see Frone, 2000; Janssen, 2004; Xin & Pelled, 2003). We demonstrate the usefulness of applying concepts from intra-group conflict research to conflict between leaders and subordinates. Our findings suggest that vertical task conflict operates as an intervening mechanism through which leader self-enhancement is negatively related to leader performance.

Managerial Implications

Our results suggest that organizations should be aware that the importance they attach to leadership, and specifically to transformational leadership, may contribute to the rise of inflated self-perceptions among their leaders. By emphasizing the importance of transformational leadership, organizations run the risk of stimulating leaders to adopt strong, confident self-images, rather than training them to be aware of the perceptions that subordinates have of them. Strong societal stereotypes exist concerning leadership, and leaders who 'live up' to these stereotypical images of being strong and confident might believe to be better able to influence subordinates more successfully (e.g. Kenney, Schwartz-Kenney, & Blascovich, 1996; Nye, 2005). However, the present study shows that although self-confidence and self-deceptive behavior may yield some of the beneficial effects that leadership development programs advocate, there may also be considerable downsides. To neutralize this potential drawback, organizations might benefit from implicating leadership styles that inherently counteract self-enhancement tendencies in leaders that can offend or alienate subordinates. Servant leadership, for

example, incorporates the elements of transformational leadership but has a strong focus on humility, authenticity, interpersonal acceptance, and growth of subordinates (e.g., Van Dierendonck, 2011; Parolini, Patterson, & Winston, 2009). A focus on servant leadership when developing our future leaders may therefore lead to less destructive self-enhancement based on stereotypical images of 'the strong leader'.

Leader and leadership development should, and probably do, stress the usefulness of feedback. Upward and 360-degree feedback programs have proven to have some effect in increasing the performance of leaders who overestimate their abilities (e.g., Johnson & Ferstl, 1999). However, feedback alone will likely prove to be 'too little'. Research has shown that people who self-enhance are likely to discard or distort negative feedback they receive and to attribute failure to sources other than themselves (Leary, 2007). Moreover, they tend to hold on to their overly positive self-images even if they are aware that people do not share their rosy self-views (Robins & Beer, 2001). Development programs should therefore make leaders aware of the fact that, like anybody else, they are likely to be biased by self-enhancement and that their judgments of feedback by others are probably rigged by self-favoring attributions. An additional problem is that people seldom receive *negative* feedback from others in daily life, a problem likely to be amplified by a leader's power position. Training leaders to actively search out negative feedback might prove more successful than default upward feedback programs. Also, follow-up activities such as discussing the acquired feedback with subordinates might prove useful, especially when considering self-enhancement tendencies, as it would allow leaders to verify their interpretation of the feedback and increase their accountability for actually using the feedback (Walker & Smither, 1999).

Our results showed that task-related conflict between a leader and subordinates is related to leader self-enhancement. Thus, the presence of prolonged conflicts over task content and execution, especially when combined with information from feedback programs that concern leadership behavior, could serve as a diagnostic 'instrument' for leaders' inflated self-perceptions of leadership behavior. As such, the existence of vertical task conflict can serve as valuable input for management development programs. However, recognizing that vertical task conflict exists and can interfere with performance might prove difficult for self-enhancing leaders because their self-enhancing tendencies may also lead them to perceive less conflict than their subordinates (cf. Jehn, Rispons, & Thatcher., 2010). Through training programs, leaders can learn that

conflict with subordinates could indicate that they hold inflated perceptions of their transformational behaviors. Additionally, leaders could learn appropriate conflict management strategies to help resolve conflicts with subordinates that are induced by self-enhancement. Ironically, 'true' transformational leadership behavior might be the best way to increase leaders' potential to deal with conflict situations.

Chapter 4

A Dynamic Approach to Leader Self-enhancement: the interaction effect of neuroticism and perceived meaningfulness of work

Fifteen years of research has shown that leaders are prone to hold inflated self-perceptions regarding their leadership behavior, but also that great individual differences exist (for an overview see Fleenor, Smither, Atwater, Braddy, & Strum, 2010). Therefore, several attempts have been made to unravel why some leaders self-enhance more than others. Studies have looked at demographic variables (e.g., Ostrof et al., 2004; Vecchio & Anderson, 2009) and dispositional characteristics (e.g., Jackson, Stillman, Burke, & Englert, 2007; Judge, LePine, & Rich, 2006) as antecedents of leader self-enhancement. By adopting such an individual differences perspective, these studies have either implicitly or explicitly conceived of leader self-enhancement as a static phenomenon that is reflected in stable behavior across time and situations (cf. Sedikides & Gregg, 2008).

However, social psychological research on self-enhancement has argued for, and shown that although individual differences can increase the *likelihood* that a person will engage in self-enhancement, situational factors can greatly augment or diminish whether that person actually does (e.g., Robins & Beer, 2001; Sedikides & Gregg, 2008; Taylor & Armor, 1996; Taylor et al., 2003). Thus, self-enhancement is not a static phenomenon, but rather has a “dynamic ebb and flow [...] across situations that present different demands” (Taylor & Armor, 1996, p. 890). Consistent with this, Sedikides and Gregg (2008) conclude that self-enhancement is probably best seen as an ongoing process, driven by underlying motives that are triggered by situational demands. Adapting the latter perspective the present study examines how a specific leader disposition and a leader’s perception of a relevant situational variable jointly relate to increases or decreases in leader self-enhancement over time. Specifically, we examine leader neuroticism as an important antecedent of leader self-enhancement which is triggered by the meaningfulness leaders attach to their work as a leader.

Modern day society and organizations confront leaders with ever changing demands and towering expectations, especially regarding ‘good’

leadership behaviors (e.g., Gray & Densten, 2007; Sosik, Potosky, & Jung, 2002). Neuroticism is known to affect how people respond to such pressure. People who are high on neuroticism tend to respond poorly to environmental stress, question their ability, and therefore are likely to interpret situational demands as threatening (Barrick & Mount, 1991). Neurotic leaders are thus likely to experience the pressure on their leadership – or ‘being a ‘good’ leader’ – as threatening and as challenging their abilities. In coping with such threat, neurotic leaders may resort to self-enhancement as a means of countering their self-doubt and to maintain a positive outlook (Gray & Densten, 2007).

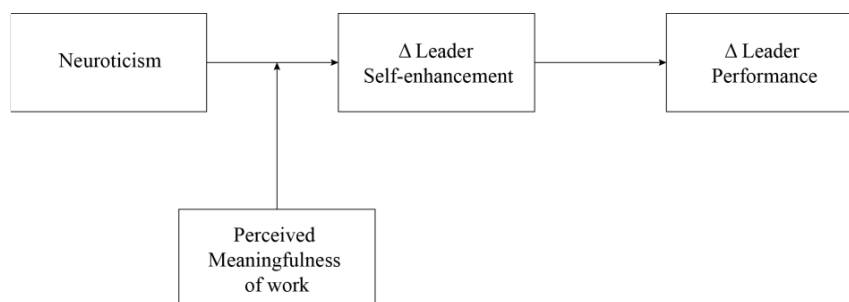
However, in accordance with a dynamic perspective on leader self-enhancement we argue that neuroticism alone cannot fully predict leaders’ self-enhancement. Self-enhancement is known to occur especially in domains that are important to one’s self (e.g., Crocker, 2002; Sedikides, Gaertner, & Toguchi, 2003) and only if there is sufficient reason to do so (Sedikides & Gregg, 2008). We propose that leaders’ perceived meaningfulness may be an important ‘trigger’ for self-enhancement. Perceived meaningfulness (Thomas & Velthouse, 1990) represents the personal importance a leader attaches to his or her leadership task. Situational factors can substantially enhance or decrease this felt meaning of leadership. For instance, when subordinates lack clarity and understanding about what needs to be done and how to do it, leadership is seen as more important and leaders may accordingly attach high importance to their leadership task. But when subordinates know exactly what to do and perform up to standards the leadership task is likely to be experienced by leaders as relatively less urgent and important (cf. Kerr & Jermier, 1976). Consequently, we will argue that while, in general, neuroticism will make leaders more prone to self-enhance with regards to their leadership behavior, the meaning they attach to their work as a leader will actually trigger them to engage in self-enhancement.

Because of the overwhelming evidence of beneficial outcomes (e.g., Judge & Piccolo, 2004) high demands and expectations concerning leadership are likely to be centered around transformational leadership behaviors (Bass, 1985). The focus of the present study will therefore be on self-enhancement of transformational leadership behavior and, in keeping with our dynamic perspective, on changes therein over time. Moreover, inflated self-perceptions with regard to transformational leadership have been repeatedly linked to lower leader performance (e.g., Atwater & Yammarino, 1992; Brutus, Fleener & Tisak, 1999; Van Velsor, Taylor, & Leslie, 1993). In line with such findings, but

again taking a more dynamic perspective, we will argue that increase or decreases in leader self-enhancement of transformational leadership behavior will be associated with decrease or increases in leader performance over time. Our proposed conceptual model is depicted in Figure 4.1.

Figure 4.1

Conceptual model



Theory and Hypotheses

Neuroticism and Leader Self-enhancement

Effective leadership has become a top priority for organizations which are faced with the rapid change and increasing complexity of contemporary society (DeRue, Sitkin, & Podolny, 2011). The importance attached to leadership is reflected in the vast amount of money and effort that organizations invest in raising the quality of their leaders (e.g. Strack et al., 2010). Especially transformational behaviors are considered key for leadership effectiveness. Transformational leadership comprises a set of behaviors that includes developing and articulating a clear vision, being a role model, promoting cooperation among subordinates, communicating high performance expectations, providing individualized support, and intellectually stimulating subordinates (Bass, 1985; Podsakoff, MacKenzie, Moorman, & Fetter, 1990). Because research has provided overwhelming evidence for the positive effects of transformational leadership behavior (for overviews see e.g., Judge & Piccolo, 2004; Lowe, Kroeck, & Sivasubramanian, 1996), and because organizations have readily adopted transformational leadership as a preferred style of leadership, leaders are under high pressure to portray themselves as ‘good’ transformational leaders (e.g., Jung & Sosik, 2006; Sosik, Potosky, &

Jung, 2002). Moreover, subordinates typically have towering expectations with regard to their leader's behavior (Meindl, Ehrlich, & Dukerich, 1985), further pressuring leaders to meet the stereotypical image of a strong transformational leader (Gray & Densten, 2007).

How leaders experience the pressure that is put on them is to a large degree dependent on their personality profile, and more specifically on their level of neuroticism (e.g., Bolger, 1990). Neuroticism is a personality trait marked by anxiety, depression, anger, embarrassment, emotionality, worriedness, and insecurity (Barrick & Mount, 1991). People who score high on neuroticism tend to respond poorly to environmental stress, question their ability, and therefore are likely to interpret situational demands as threatening. Research by Veage, Ciarrochi, and Heaven (2011) showed that neurotics tend to experience more external pressure to solve problems, be self-sufficient, and strive to be better, while at the same time they believe to have a low chance of succeeding at coping with these pressures. Thus, especially neurotic leaders may experience that they are pressured to 'be a good transformational leader' and, moreover, feel threatened as they sense they lack the ability to adequately deal with this pressure.

One way leaders can deal with the pressure on their leadership is through self-enhancement. Research has shown that leaders may engage in self-enhancement of their transformational leadership behavior to ease their fear of inability and to bolster their sense of self-efficacy (Gray & Densten, 2007). By doing so, they maintain the image of confidence and competence which is considered essential for influencing subordinates (Chemers, 2002). We argue that especially neurotic leaders are inclined to self-enhance their transformational leadership behavior as they are likely to perceive the pressure on their leadership as threatening and challenging their abilities. Such reasoning is in line with what has been labeled a *defensive neuroticism approach* to self-enhancement (e.g. Colvin, Block, & Funder, 1995; Taylor et al., 2003), which argues that inflated self-perceptions form a defensive mechanism to suppress negative information concerning the self. Indeed, self-protection is considered one of the most important motives for self-enhancement (e.g., Baumeister, Bratslavsky, Finkenauer, & Vohs, 2001; Alicke & Sedikides, 2009; Sedikides & Gregg, 2008).

However, research taking a defensive neuroticism approach typically also argues that self-enhancement is "an enduring aspect of a personality profile [...] that is stably reflected in behavior across time and situations" (Taylor et al.,

2003, p. 613). Such a stance seems to have limited validity, as other studies have argued and shown that self-enhancement is *situationally* determined (e.g., Anderson, Beer, Srivastava, Chatman, & Spataro, 2006; Sedikides, Gaertner & Toguchi, 2003; Taylor et al., 2003). Several scholars have therefore called for a more dynamic approach to self-enhancement (e.g., Robins & Beer, 2001; Sedikides & Gregg, 2008, Taylor & Armor, 1996). Robins and Beer (2001) suggest that “the magnitude and even the direction of self-enhancing (vs. self-diminishing) tendencies is likely to vary as a function of the person, the situation, and their interaction” (p. 349) and that person – situation interactions should be further explored. In the present study we take such a dynamic perspective and argue that although leaders’ neuroticism may increase the *likelihood* that a leader holds inflated self-perceptions regarding transformational leadership behavior, a *situationally determined factor* will trigger actual self-enhancement. Specifically we will argue that leaders’ perception of the meaningfulness of their leadership forms a boundary condition for the rise or fall of self-enhancement.

Perceived meaningfulness as a boundary condition for self-enhancement

Perceived meaningfulness is the assessment of the value of the work goals or purposes, judged in relation to an individual’s ideals and standards (Thomas & Velthouse 1990) and thus reflects the importance that one attaches to one’s work. Within a leadership context perceived meaningfulness reflects the importance a leader attaches to his or her work as a leader and, because transformational leadership is so highly valued, reflects the importance a leader attaches to ‘being a good transformational leader’. Perceptions of meaningfulness are part of “the ongoing ebb and flow of people’s perceptions about themselves in relation to their work environments” (Spreitzer, 1995, p. 1444) and thus are not fixed, but fluctuate over time and situations. This is empirically illustrated by the moderate test – retest reliability ($r = .72$) of perceived meaningfulness over a 5-month period (Spreitzer, 1995). Many sources have been identified that influence how meaningful persons perceive their work to be (for an overview see Rosso, Dekas, & Wrzesniewski, 2010). For instance, task characteristics like autonomy and significance increase the meaningfulness of work for people (Hackman & Oldham, 1976) as will access to resources and information (Spreitzer, 1996). Role ambiguity, on the other hand, will negatively impact perceived meaningfulness, as people will have difficulty attaching personal meaning to a role that is not clear (Spreitzer, 1996). Specific to the leadership context, substitutes for leadership can decrease the

importance of leadership behaviors (Kerr & Jermier, 1978). Leadership is a process of influencing subordinates so that they understand what needs to be done, how to do it, and facilitating individual and collective effort towards these goals (Yukl, 2010). When subordinates know exactly what to do and perform accordingly the leadership task becomes less necessary and consequently the leadership task is likely to be experienced by leaders as relatively less urgent and important.

Because fluctuations in leaders' perceived meaningfulness represent fluctuations in importance attach to their work of being a leader, and because people are known to especially self-enhance in those domains that are of importance to them (e.g., Crocker, 2002; Sedikides, Gaertner, & Toguchi, 2003), we argue that leaders' perceived meaningfulness of the work may be an important boundary condition of leaders' self-enhancement of their transformational leadership behavior. Sedikides and Gregg (2008) argue that people don't 'just' self-enhance, but that "they must have sufficient grounds in their own eyes for doing so" (p. 108). Likewise, leaders are unlikely to self-enhance their transformational leadership behavior when 'being a transformational leader' is irrelevant to them. However, when they perceive their work as meaningful, they attach personal value to their work as a leader, thereby making it more important to them to be a 'good transformational leader'.

Taken together, we suggest that neuroticism increases leaders' tendency to perceive threats and thus increases the likelihood for them to engage in self-enhancement of their transformational leadership behavior. However, perceived meaningfulness operates as a boundary condition for neurotic leaders' dispositional tendency to engage in increased self-enhancement. Thus we present Hypothesis 1.

Hypothesis 1: Leaders' neuroticism is associated with an increase in self-enhancement of their transformational leadership, but only if they perceive their work as meaningful.

Leader Self-enhancement and Leader Performance

Self-enhancement is generally considered to have strong intra-personal benefits as it boasts self-esteem, self-confidence and self-efficacy (Taylor & Brown, 1988; Taylor et al., 2003b). At the same time, however, empirical evidence accumulates that self-enhancement can be highly detrimental to interpersonal relationships because it is associated with deception and self-

serving attributions that may offend or alienate others, leading to dislike, interpersonal conflicts (e.g., Colvin et al., 1995; Paulhus, 1998), and even social exclusion (e.g., Anderson et al., 2006; Anderson, Ames & Gosling, 2008). Because leadership is an inherently interpersonal phenomenon, and because leaders are highly dependent on the interaction with their subordinates to achieve their goals, leader self-enhancement is likely to negatively impact leadership performance. Moreover, within the transformational leadership paradigm, close and harmonious relationships are considered essential for leader effectiveness (Bass, 1985). Therefore, leader self-enhancement of transformational leadership behavior may have a strong adverse effect on performance. Empirical evidence for such a negative relationship between leader self-enhancement of transformational leadership and leader performance is abundant (for an overview, see Fleenor et al., 2010). For instance, leaders who overestimated their transformational leadership behavior received lower performance ratings from their subordinates (e.g., Van Velsor, Taylor, & Leslie, 1993) as well as from their supervisors (e.g., Atwater & Yammarino, 1992; Brutus et al., 1999).

Although the negative relationship between leader self-enhancement and leader performance is well established, all relevant studies have assessed this relationship cross-sectionally, and thereby raise questions about the direction of causality. Relevant research typically argues that self-enhancement undermines the leaders' potential to influence subordinates, because of the negative impact of self-enhancement on interpersonal relationships. However, especially considering that self-protection is a key motive for self-enhancement (Sedikides & Gregg, 2008) a reverse causal path could also be argued: leaders will self-enhance with regard to their transformational leadership more when their performance is low. Low performance will generally be accompanied by negative feelings about the self, triggering self-enhancement as means of maintaining a positive self-image. In an attempt to clarify the causal relationship between leader self-enhancement and leader performance we therefore will assess how changes in leader self-enhancement are related to *changes* in leader performance over time. Moreover, we propose that an increase in leader self-enhancement will make a leader's over-estimation of his/her behavior more salient to subordinates because of the visibility of changes in the leader's behavior. Therefore we specifically argue that an increase in leader self-enhancement will be associated with a decrease in leader performance. Thus we present Hypothesis 2.

Hypothesis 2: An increase of leader self-enhancement on transformational leadership behavior is associated with a decrease in leader performance.

Assuming that perceived meaningfulness moderates the association between leader neuroticism and increased self-enhancement, and assuming that increased self-enhancement is associated with decreased leader performance, these two hypotheses together suggest an indirect conditional effect model: neuroticism will be indirectly associated with decreased leader performance through leader self-enhancement, but only for those leaders who perceive their work to be highly meaningful. Thus, we present Hypothesis 3.

Hypothesis 3: Perceived meaningfulness moderates the indirect effect of leader neuroticism on leader performance through leader self-enhancement. Specifically, leader neuroticism will lead to increased leader self-enhancement of their transformational leadership and to decreased performance over time, only if the leader perceives his or her work to be meaningful.

Method

Sample

We tested our hypotheses with data collected among managers of a large mental health institute in the Netherlands providing a broad range of services, including daycare programs, assisted living, intensive treatment, long-term voluntary patient admissions and mandatory patient admissions. Managers worked in 4 divisions, each supplying mental healthcare to a specific target groups, namely general psychiatric care, mental disorders of aging, ambulant psychological and psychiatric care, and forensic psychiatry. The divisions operate independently, sharing general support services like personnel, finance and legal support. Managers from all 4 divisions formed the target group for the present study.

Data were collected at two moments in time, 14 months apart. After being informed about the research project by both the researchers and the personnel department, we asked candidates to participate. Participation was voluntary, and confidentiality was assured. At time 1 we approached the entire managerial staff of all 4 divisions for participation. From a total of 95 managers, 91 managers (95.8%) completed their surveys. Regardless of several changes at the organizational and at the team level and natural turnover, we were able to

retain 44 managers (48.3%) at time 2. These 44 managers form the focal respondents for the present study.

At both time 1 and time 2 these focal managers' and their colleagues in the management team participated in a round robin assessment of each other's transformational leadership behavior and their performance. At time 1, the 44 focal managers were rated by an average of 6.97 peers. At time 2, the mean number of peers was 6.86. At time 2 changes had occurred in these management teams, due to substitutions, turnover, or expansion. The mean overlap in raters between time 1 and time 2 was 4.2 peers.

Of our 44 focal managers 43.2% were female, the mean age was 44.34 years ($SD = 8.64$), the mean tenure was 22.69 months ($SD = 39.51$), and all our focal managers had at least a higher vocational or academic degree.

Measurement

Neuroticism. At time 1 leader neuroticism was measured using six items from the Five-Factor Personality Inventory by Hendriks, Hofstee, and De Raad (1999). These items were: *"can take his/her mind of his/her problems"* (reversed), *"readily overcomes setbacks"* (reversed), *"is always in the same mood"* (reversed), *"invents problems for himself/herself"*, *"gets overwhelmed by emotions"*, *"has crying fits"*. The items were assessed on a five-point scale (1 = "does not reflect me at all", 5 = "totally reflects me"). Cronbach's alpha for the scale was 0.61.

Perceived Meaningfulness. Leaders' perceived meaningfulness was measured at time 1 using the meaningfulness subscale of Spreitzer's (1995) empowerment scale. The subscale consists of three items which for the purpose of our study were translated to Dutch: *"The work I do is very important to me"*, *"My job activities are personally meaningful to me"*, *"The work I do is meaningful to me"*. The items were assessed on a 7 point scale (1 = "totally disagree", 7 = "totally agree"). Cronbach's alpha for the scale was 0.89.

Self-enhancement of transformational leadership behavior. Leader self-enhancement of transformational leadership was assessed using procedures outlined by Kwan, John, Kenny, Bond, and Robins (2004) which, in contrast to for instance self-other agreement on transformational leadership, requires round-robin data. Kwan and colleagues' (2004) procedure reduces biases in self-enhancement which stem from answering tendencies of both the focal person as well as from those who rate him or her. For a detailed descriptions of the procedure, we refer to the original article.

Round-robin data concerning transformational leadership behavior was collected at both time 1 and time 2 in the respective focal managers'

management teams. To reduce the work load for participants we used a six-item scale for transformational leaders (cf. De Poel, Stoker, & Van der Zee, 2012; Stoker, Grutterink, & Kolk, 2012). This scale is adapted from the twenty-three-item scale for transformational leadership developed by Podsakoff, Mackenzie, Moorman, and Fetter (1990), which uses only the highest-loading item from each of the six dimensions. The items were: “*Inspires others with his/her plans for the future*”, “*Develops a team attitude and spirit among employees*”, “*Leads by example*”, “*Will not settle for second best*”, “*Shows respect for my personal feelings*”, and “*Has stimulated me to rethink the way I do things*”. Items were translated into Dutch and reworked to refer to either self-perceptions, e.g. “I develop a team attitude and spirit among employees” or perceptions of others, e.g. “X develops a team attitude and spirit among employees”. In line with much of the research on transformational leadership, the six items were combined to create a single higher-order indicator of transformational leadership (Judge & Piccolo, 2004). The internal consistency was good for the self-ratings, both at time 1 (Cronbach’s $\alpha = .79$) and at time 2 (Cronbach’s $\alpha = .81$) as well as for the ratings of others transformational leadership behavior at both time 1 (Cronbach’s $\alpha = 0.89$) and time 2 (Cronbach’s $\alpha = 0.89$).

Following Kwan and colleagues’ (2004) procedure to determine the focal managers’ self-enhancement of their transformational leadership behavior, we next used this round-robin data. The procedure involves two general steps. First, the round-robin transformational leadership other-ratings and self-ratings are analyzed using the SOREMO statistical package (Kenny, 1994; Kenny & LaVoie, 1984). For each participant, this analysis yielded a *target score*, which represents how transformational the participant is typically perceived by others in the group; additionally, the analysis yielded a *perceiver score*, which represents how transformational that person generally perceives others in the group.

The second step involves calculating the actual self-enhancement index. Self-enhancement is traditionally operationalized with either a self-insight approach or a social-comparison approach. The self-insight approach operationalizes self-enhancement as the difference between a person’s self-perception and others’ perceptions of that person (target score). For example, how focal managers perceive themselves to be compared to how transformational they are perceived by their management team peers. The social-comparison index operationalizes self-enhancement as the difference between a person’s self-perception and that person’s perceptions of others (perceiver score). For example, how focal managers perceive themselves

compared to how transformational they perceive their management team peers to be. Kwan and colleagues (2004) demonstrated that both of these indices are potentially biased. The self-insight index is potentially biased because it ignores a general positivity bias persons may have in perceiving people, and thus in perceiving themselves. A leader may be quite positive about the transformational leadership behavior of people in general, and thus about his or her own transformational behavior. The social comparison index ignores the fact that a leader might actually be a better leader than his or her peers are. The index devised by Kwan and colleagues removes these potential confounds by combining both approaches. Moreover, their approach acknowledges that self-perceptions are not created in isolation; rather, they are influenced both by others' perceptions and by their perceptions of others (Kenny, 1994; Kwan et al., 2004). Thus, we calculated the focal managers' self-enhancement regarding transformational leadership as:

$$SE_{ti} = Self_{ti} - T_{ti} - P_{ti} - G,$$

where SE_{ti} represents self-enhancement regarding transformational leadership behavior, $Self_{ti}$ represents a leader's self-perceptions of transformational behavior, T_{ti} represents the target score for transformational behavior, P_{ti} represents the perceiver score for transformational leadership, and G represents the group's mean (for a detailed description of the procedure, see Kwan et al., 2004; Kenny, 1994).

Leader Performance. Performance was assessed at time 1 and time 2 in the focal managers' respective management teams using a round-robin design. We used a single item scale to reduce the strain on participant. The item measured general performance and read "*To what extent does X perform...*", to which respondents responded on a 7-point scale ranging from "*far below average*" to "*far above average*". The round-robin performance data were analyzed using the SRM procedure outlined above. This yielded a management team mean deviated target score for each focal manager at both time 1 and time 2, which reflects the peer-rated performance of our focal managers at two points in time.

Statistical analysis

Following the guidelines of Aiken, West and Reno (1991), we standardized all the independent variables prior to analysis. Interaction effects were computed as the product term of the respective standardized variables. We assessed changes in self-enhancement by regressing leader self-enhancement at time 2 on the studies independent variables and their

interaction, while controlling for self-enhancement at time 1 (cf. Edwards, 1994). We followed the same procedure for changes in performance.

We analyzed the data in three steps. First, we regressed leader self-enhancement at time 2 on self-enhancement at time 1 and leader performance at time 1 (Step 1). Second, we tested a model that regressed leader self-enhancement at time 2 on the control variable plus the main effects, i.e. neuroticism and perceived meaningfulness of work (Step 2). Third, we extended model 2 by adding the interaction effect of neuroticism and perceived meaningfulness (Step 3). Finally, we tested for mediation by regressing our controls, main effects and interaction effect on leader performance at time 2 while controlling for leader self-enhancement at time 2 (Step 4). In order to perform these steps in the analysis we used Preacher, Rucker, and Hayes (2007) SPSS macro for assessing moderated mediation.

Results

Descriptive Statistics

Table 4.1 contains the means, standard deviations of the studies variables and their inter-correlations. Self-enhancement at time 1 was negatively correlated to leader performance at time 1 ($r = -.41, p < .001$) as well as to leader performance at time 2 ($r = -.40, p < .001$). Leaders who self-enhanced at time 1 received more negative performance evaluations from their management team peers at both points in time. Moreover, self-enhancement at time 1 and time 2 were positively correlated ($r = .39, p < .001$). Self-enhancement at time 2 was also negatively associated with performance at time 2 ($r = -.56, p < .001$). Leader performance at time 1 was marginally negatively associated with self-enhancement at time 2 ($r = -.28, p < .10$), indicating that leaders who performed better at time 1 were found to self-enhance less at time 2. Finally, performance at time 1 and time 2 were positively correlated ($r = .42, p < .001$).

Hypotheses testing

Table 4.2 contains the results for our Hypotheses 1 through 3. In Step 1 we regressed leader self-enhancement at time 2 on leader self-enhancement at time 1. The results showed that leader self-enhancement at time 1 was a significant predictor of leader self-enhancement at time 2 ($b = .29, p < .05$). In Step 2 we included the main effects of neuroticism and perceived meaningfulness. The

Table 4.1

Descriptive statistics and correlations							
Variable	Mean	SD	R				
			1	2	3	4	5
1. Neuroticism	1.85	.45					
2. Perceived meaningfulness	5.67	.70	.15				
3. Leader self-enhancement at time 1	.53	.79	-.04	-.12			
4. Leader performance at time 1	.11	.47	-.18	.19	-.41***		
5. Leader self-enhancement at time 2	.50	.84	.25	.05	.39***	-.28†	
6. Leader performance at time 2	-.05	.66	-.14	.32*	-.40***	.42***	-.56***

Note. n = 44 leaders; † p < .10; * p < .05; ** p < .01; *** p < .001

Table 4.2

Results for multiple regression of leader performance (at time 2) on study's independent and mediation variables

Predictor	Leader Self-enhancement at time 2		Leader performance at time 2			
	Value	B	SE	Value	B	SE
<i>Step 1: Controls</i>						
1. Leader self-enhancement at time 1		.29*	.12		-.06	.09
2. Leader performance at time 1		-.08	.12		.12	.09
ΔR^2 after step 1	.17			.24		
<i>Step 2: Main effects</i>						
3. Neuroticism		.16	.11		-.03	.08
4. Perceived meaningfulness		.13	.11		.24**	.08
ΔR^2 after step 2	.06			.08		
<i>Step 3: Interaction effect</i>						
5. Neuroticism \times Perceived meaningfulness		.36**	.11		.16	.09
ΔR^2 after step 3	.15			.00		
<i>Step 4: Mediation</i>						
6. Leader self-enhancement at time 2					-.38***	.10
ΔR^2 after step 4				.20		
Overall R^2	.38			.52		

Note. n = 44 leaders. Final model results are reported; * p < .05; ** p < .01; *** p < .001

Table 4.3
Conditional indirect effects model predicting leader performance at time 2^a
 Conditional indirect effect at mean and ± 1 SD^b

Moderator value	Conditional indirect effect at mean and ± 1 SD ^b		
	Boot indirect effect	Boot SE	BCaU95
Low perceived meaningfulness -1 SD	.09	.07	.24
Average perceived meaningfulness M	-.07	.05	.00
High perceived meaningfulness + 1SD	-.23	.09	-.08

Note. n = 44. Bootstrap N = 5000. Unstandardized coefficients are shown. BCaL95 = 95% confidence interval lower limit. BCaU95 = 95% confidence interval upper limit.

^a Controlling for leader self-enhancement at time 1 and leader performance at time 1.

^b Bias corrected and accelerated (BCa) confidence intervals are reported.

results showed that, as reasoned, neither neuroticism nor perceived meaningfulness had a significant main effect on changes in self-enhancement. Perceived meaningfulness did have a significant effect on changes in leader performance ($b = .24, p < .01$). For leaders who perceived their work to be more meaningful we saw an increase in performance over time. In Step 3, we included the interaction effect of neuroticism and perceived meaningfulness. The results showed that this interaction effect significantly predicted changes in leader self-enhancement over time ($b = .36, p < .01$). In order to further assess this interaction effect we plotted it in Figure 4.2. Together the results from Step 3 and Figure 4.2 provided support for our Hypothesis 1. Specifically leaders who were more neurotic and who perceived their work to be highly meaningful self-enhanced more over time. Finally, the results of Step 4 provided support for our hypothesis 2, by showing that increased leader self-enhancement over time is associated with decreased leader performance over time ($b = -.38, p < .001$).

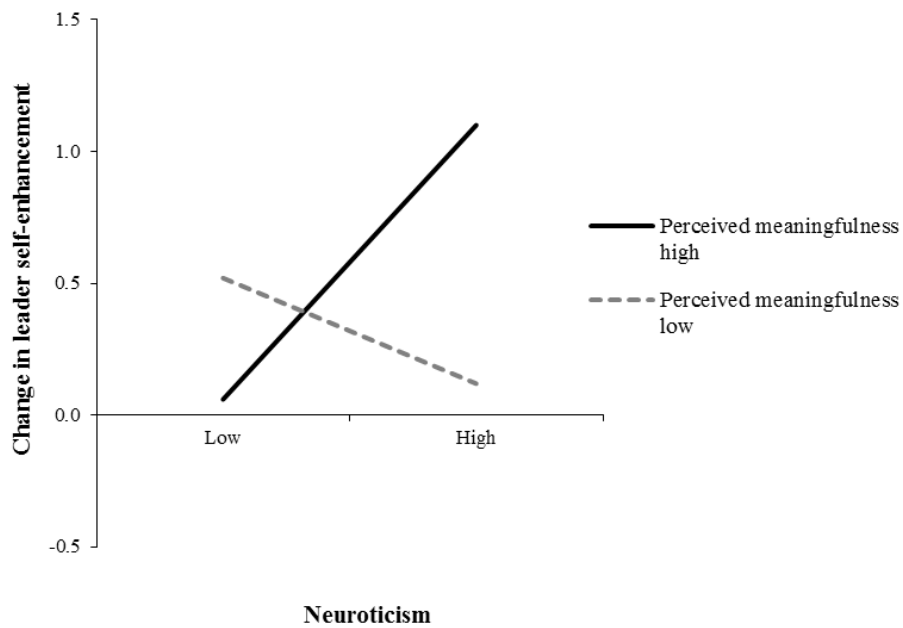
Preacher et al.'s (2007) macro also analyzes the indirect effect at several levels of the moderator. In order to test the significance of the indirect effect at the various levels of the moderator, bootstrapping is performed. Table 4.3 shows the results for the test of the indirect effect at three levels of the moderator: low (-1 SD), mean (0), and high (+1 SD). The results showed that neuroticism leads to increases in self-enhancement, which consequently lead to decreased in performance for those leaders who perceived their work to be highly meaningful ($b = -.23$, 95% confidence interval $-.43$ to $-.08$), but not for leaders who perceived their work to be of little meaning ($b = .09$, 95% confidence interval $-.04$ to $.24$). The results in Table 4.3 provided support for our hypothesis 3 that changes in self-enhancement mediate the relationship between the interaction of neuroticism and perceived meaningfulness and changes in leader performance, but only when the leader perceived his or her work to be meaningful to him or her.

Discussion

In the present study we took a dynamic approach to leaders' self-enhancement of their leadership behavior (cf. Sedikides & Gregg, 2008). We proposed that a dispositional and a situationally determined factor would jointly predict changes in leader self-enhancement over time. Drawing from literature on self-enhancement (e.g., Gray & Densten, 2007; Taylor et al., 2003) and personality (e.g. Barrick & Mount, 1991; Veage, Ciarrochi, & Heaven, 2011) we

Figure 4.2

Plot of interaction of neuroticism and perceived meaningfulness in predicting changes in leader self-enhancement at time 2



Note. Low = 1 standard deviation below the mean. High = 1 standard deviation above the mean.

argued that leaders' neuroticism would increase the likelihood that they would engage in self-enhancement of their transformational leadership behavior as a means of coping with the high demands and towering expectations surrounding their leadership. However, we also argued that neuroticism alone cannot fully predict changes in self-enhancement. People only self-enhance in domains that are closely linked to their self-concept (e.g., Crocker, 2002; Sedikides & Gregg, 2008) and therefore we argued that leaders' perceptions of the meaningfulness of their work as a leader would form an important boundary condition for the association between neuroticism and leaders' self-

enhancement. The results of our analyses on longitudinal data collected among 44 managers of a large mental health care institution showed support for our hypotheses. Neurotic leaders tended to increase the self-enhancement of transformational leadership behavior over time, but only when they perceived their work as a leader to be meaningful. Moreover, increases in self-enhancement were associated with decreases in leader performance.

Theoretical Implications

Our findings have several theoretical implications. First, by looking at demographic and dispositional factors, prior research (for an overview, see Fleenor et al, 2010) has typically taken a static perspective on leader self-enhancement. These studies either implicitly or explicitly conceived of leader self-enhancement as stable over time and situations. However, social psychological research on self-enhancement has argued that self-enhancement is much more ‘state’-like than ‘trait’-like, as situational factors can greatly augment or diminish the existence of self-enhancement (Taylor & Armor, 1996; Robins & Beer, 2001). Self-enhancement can be best seen as an ongoing process (Sedikides & Gregg, 2008). Such a dynamic conception implies that self-enhancement is not stable, but changes over time. Our findings showed that leaders’ self-enhancement can indeed increase over time and thus is indeed not stable but dynamic. Moreover, the results showed that these changes in self-enhancement were predictive of changes in performance, specifically that increased self-enhancement was associated with decreased performance. Combined, these findings show that taking such a dynamic approach at leader self-enhancement can be useful.

Second, in line with research on self-enhancement in general (e.g., Robins & John, 1997; Robins & Beer, 2001) our results showed that a dispositional characteristic and a situationally determined cognition *jointly* predicted leader self-enhancement. Thus, although research has typically conceived of leader self-enhancement as a trait (cf. Sedikides & Gregg, 2008), our results show that such an individual differences approach cannot fully predict the occurrence of leader self-enhancement. Leaders will not self-enhance ‘willy-nilly’, but need sufficient reasons to do so, and situationally determined factors give rise to such necessity (Sedikides & Gregg, 2008). Our results show that although dispositional characteristics (i.e. neuroticism) may increase the likelihood that leaders will engage in self-enhancement of their leadership behavior, situational factors are necessary to trigger such self-enhancement. As such our findings are in line with the Trait Activation

framework (Tett & Guterman, 2000) which states that traits will only manifest in behavior if that specific trait is aroused by a relevant situational cue. Thus from a trait activation perspective one would reason that neuroticism can lead to the manifestation of self-enhancement, but only if such self-enhancement is triggered by a relevant situational cue (i.e. a leaders importance attached to his/her work is high).

Strengths and Opportunities for Future Research

We regard the use of longitudinal data with two measurements as a one of the strengths of the present study. We used data from multiple sources (i.e. focal managers and their management team peers), thereby avoiding problems typically associated with common source variance (Wall, Jackson, Mullarkey, & Parker, 1996). Moreover, we consider our interpersonal approach to self-enhancement as a particular strength as this approach matches the interpersonal context of leadership and leads to less biased estimates of leader self-enhancement (Kwan et al., 2004).

We also identify some possible weaknesses and opportunities for future research. We proposed and found that leaders' neuroticism in interaction with their perceived meaningfulness of their work leads to increased self-enhancement of their transformational leadership behavior. However, our study's setup only allowed us to look at *interpersonal* differences in perceived meaningfulness. We reasoned that leaders' perceptions of the meaningfulness of their work are situationally determined (cf. Spreitzer, 1995; 1996) and we offered several examples of situational factors that could influence meaningfulness (e.g., the presence of substitutes for leadership, role-ambiguity, non-work related factors). We assumed that as leaders' situations differ, so do their perceptions of the meaningfulness of their work. Consequently, we tapped into leaders' perceptions of meaningfulness at time 1 to predict, in conjunction with neuroticism, changes in their self-enhancement. However, perceptions of meaningfulness are not an end state, but rather an intermediate result of a sense making process regarding the work (Rosso et al., 2010) and an individual leader's perceptions of meaningfulness are thus likely to change over time (regardless of situational characteristics remaining equal). Future research might benefit from looking at *intrapersonal* differences in perceived meaningfulness as a predictor of self-enhancement. Spreitzer's (1995) research showed that individuals' perceptions of the meaningfulness of their work can change over time. An interesting question for follow up research could therefore be how

changes in leaders' perceived meaningfulness of their work as a leader affect changes in leader self-enhancement.

Furthermore, we operationalized perceived meaningfulness using a subscale from Spreitzer's (1995) empowerment scale. These items reflect perceptions of meaningfulness of work in general and our assumption was that, because we conducted our research in a leadership context, these items thus reflected meaningfulness of work *as a leader*. Such an assumption seems valid in the present study because all participants actively chose to be in their current position (as opposed to, for instance, being placed there on basis of seniority). However, we cannot definitively conclude that our participants used other sources than "being a good leader" to give meaning to their work, for instance "being part of a mental health care institution". Future research could benefit from operationalizing perceived meaningfulness with items that are more specific to leaders' tasks as a (transformational) leader.

Lastly, an interesting area for future research could be to look more closely at the relationship between neuroticism and leader self-enhancement. We argued that neurotic leaders are more likely to perceive pressure on their leadership and that they consequently are more likely to self-enhancement as a means of self-defense. It would therefore be interesting to assess whether actual pressure for neurotics would indeed translate to more felt pressure and consequently to more self-enhancement. An experimental setup in which pressure levels would vary over conditions would probably best suit such an investigation.

Practical implications

Lastly, our findings have several implications for practice. Organizations should be aware of the tremendous pressure that we put on our leaders and their leadership. Such pressure is nicely reflected in business school mission statements, like for instance "...educate leaders *who make a difference in the world*" (Harvard) and "...develop innovative, principled, and insightful leaders who *change the world*" (Stanford) (see DeRue et al., 2011). Because leaders are very aware of how they are seen by others (London, 2002) and because they are aware that they need to exude an image of confidence to be considered worthy of following (Chemers, 2002) they might as a means of coping with such pressure resort to self-enhancement (Gray & Densten, 2007). The strong focus on developing positive and confident leaders may result in overly positive and overly confident leaders. Altering the pressure society, organizations, and followers put on leaders and leadership seems unfeasible. However,

organizations could work to reduce the potentially negative effects of such pressure by making “being a good, strong, confident leader” relatively less important. Providing additional sources for meaning, for instance by stressing the importance of a good relationship with coworkers or the importance of attaining overarching goals (Rosso et al., 2010) the relative importance of “being a good, strong, confident leader” is likely to drop and consequently the chance of leader self-enhancement.

Self-enhancement is typically associated with self-serving attributions and self-centeredness (e.g. Leary, 2007). Self-enhancement of transformational leadership behavior therefore shows parallels with what has been labeled personalized or unethical transformational leadership in which a leader ‘abuses’ transformational behavior for personal gains (Howell & Avolio, 1992). Research has shown that neuroticism is positively associated with such unethical leadership (e.g., Brown, Trevino, & Harrison, 2005; Xu, Yu, & Shi, 2011). Our research adds to these findings by showing that neurotic leaders are more likely to engage in self-enhancement and could therefore aid the selection process of future leaders.

Chapter 5

General Discussion

Although considerable research attention has been given to self-enhancement in general, relatively little research has focused on leader self-enhancement. This fact, combined with the notion that self-enhancement may have strong negative effects on interpersonal relationships, motivated us to investigate self-enhancement and its consequences in the interpersonal context of leadership. In this concluding chapter we reflect on the findings of the three empirical studies reported in the previous chapters. That is, after providing a summary of these findings, we discuss the major theoretical implications of the main findings. We then describe some of the strengths of the research presented in this dissertation, and, also in the light of opportunities for future research, some of its limitations. We finish by reflecting on some practical implications of our research.

Summary of the Main Findings

We conducted three empirical studies on leader self-enhancement of which the theoretical frameworks and results are described in detail in Chapters 2, 3, and 4 of this dissertation. A summary of the hypotheses and findings per study is presented below.

Study 1: the effect of leader self-enhancement on the quality of exchange relationships

In Study 1 we examined the effect of leader self-enhancement on leader – member exchange (LMX) quality (Maslyn & Uhl-Bien, 2001). Research has consistently argued that transformational leaders achieve effectiveness by creating high-quality exchange relationships with their followers (e.g. Basu & Green, 1997; Gerstner & Day, 1997; Howell & Hall-Meranda, 1999). In order for the exchange relationship to thrive, both parties need to perceive their investment to be of equal magnitude. We argued that, because self-enhancing leaders do not invest as much as they think, or believe they do, their subordinates would likely reciprocate with lowered task effort, and reduced respect and loyalty, and thus report lower LMX quality. Additionally we argued that not all subordinates will respond similarly to their leader's self-

enhancement, but that especially extraverted subordinates would be more strongly affected by their leaders' self-enhancement.

We used the Kwan et al.'s (2004) interpersonal approach to obtain leaders' target effect (i.e. how positively a leader is perceived by his subordinates with regard to transformational behavior), the leaders' perceiver effect (i.e. how positively a leader generally perceives people with regard to transformational behavior) and the leaders' self-enhancement effect (i.e. an idiosyncratic bias with regard to his/her own transformational behavior). The results from cross-level analyses supported our expectations. In line with our hypotheses and in line with research on the relationship between transformational leadership and LMX (e.g. Wang et al., 2005), we found that leaders who were perceived as more transformational (i.e. a high target effect) developed higher-quality LMX relationships with their subordinates. This relationship was especially strong for subordinates who were extraverted. In contrast, leaders who self-enhanced with regard to their transformational behavior developed lower-quality relationships with their subordinates. Again in line with our expectations, this negative effect was especially strong for extraverted subordinates. Overall, the findings in Study 1 are consistent with the idea that transformational behaviors are a leader's "social currency, nourishing high-quality LMX" (Wang et al., 2005, p. 249) and that self-enhancement of transformational leadership behavior will 'buy' leaders less subordinate's trust, loyalty, respect, and effort, especially if the subordinate is extraverted.

Study 2: vertical conflict as an explanatory process

In our first study we focused on how leader self-enhancement of transformational leadership behavior affects individual subordinates' outcomes. In our second study we further explored the potential negative consequences of leader self-enhancement, but instead focused on outcomes on the team level of analysis. Drawing from social psychological literature on self-enhancement (e.g. Colvin et al., 1995; Leary, 2007; Paulhus, 1998) and from literature on intra-team conflict (Jehn, 1995; De Dreu & Weingart, 2003) we proposed that 1) leader self-enhancement would be associated with increased conflict between leader and subordinates, and that 2) such vertical conflict would consequently be associated with lower leader performance.

The results confirmed our hypotheses that leader self-enhancement would be associated with vertical conflict related to both task specific issues and interpersonal incompatibilities. Subordinates indeed reported more task and relationship conflict with their leaders when the latter self-enhanced more with

regard to their transformational leadership behavior. Our test for the mediating role of vertical conflict in the relationship between leader self-enhancement and leader performance provided partial support for our hypotheses; that is, vertical task conflict indeed mediated the relationship, but vertical relationship conflict did not. Taken together the results suggested that leaders who self-enhance fail to provide sufficient clarity, direction, and support for the tasks at hand, thereby provoking vertical task conflicts with subordinates. Because the conflict takes away cognitive resources from the task (e.g. De Dreu & Weingart, 2003), task execution is less efficient, resulting in lower task performance and thus lower leader performance.

Study 3: the dynamic face of leader self-enhancement

Past research typically has conceived of leader self-enhancement as a static phenomenon that is stable across time and situations. However, social psychological research has shown that although individual differences can increase the *likelihood* that a person will engage in self-enhancement, situational factors can greatly augment or diminish whether that person actually does self-enhance (Taylor & Armor, 1996). In study 3 we therefore took a dynamic approach to leader self-enhancement, by conceiving of leader self-enhancement as an ongoing process (Sedikides & Gregg, 2008) that is affected by both dispositional and situationally determined factors.

We reasoned that leaders are under great pressure to maintain an image of confidence and efficacy in an ever-changing environment, and that they may engage in self-enhancement as a means of coping with these pressures (Gray & Densten, 2007; Sosik et al., 2006). Specifically, we argued that leaders' neuroticism (Barrick & Mount, 1991) will increase the likelihood that they will engage in self-enhancement of their leadership behavior, because neurotics tend to perceive environmental pressure as threatening, and challenging their abilities. However, neuroticism alone cannot fully predict leaders' self-enhancement as it lacks a motivational driver to do so. Therefore, we argued that leaders' perceptions of the meaningfulness of their work as a leader (Thomas & Velthouse, 1990) act as a 'trigger' for self-enhancement. In line with a dynamic perspective to self-enhancement (Sedikides & Gregg, 2008), we subsequently argued that such increases in leader self-enhancement would be associated with decreases in performance over time. We tested our hypotheses using longitudinal data at two moments in time and results confirmed our expectations. The results showed that neuroticism is indeed associated with an increase in leader self-enhancement over time, but only for those leaders who

perceived their work as a leader to be meaningful. Our results also provided support for the hypothesis that increases in leader self-enhancement over time were associated with decreases in performance. Finally, the results showed that increases in leader self-enhancement mediate the relationship between neuroticism and decreased performance, again only for those leaders that perceived their work as a leader to be meaningful. Together the results confirmed our conception of leader self-enhancement as a dynamic, ongoing process.

Overall Conceptual Model of Leader Self-Enhancement

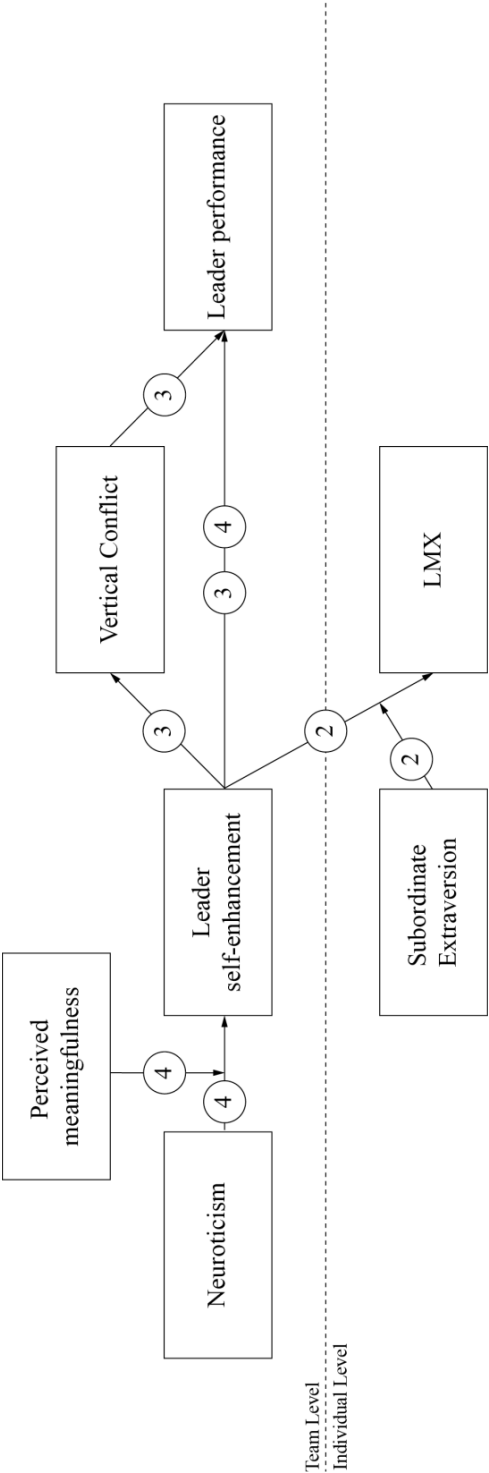
Together the hypotheses and finding of the three studies in this dissertation lead to an overall conceptual model, which is presented in Figure 5.1. The boxes in Figure 5.1 represent our studies' variables, the arrowed lines our hypotheses. The numbers on each of the arrowed lines indicate the chapter(s) in which the respective hypothesis is discussed and tested. The overall conceptual model illustrates that we investigated both antecedents (Chapter 4) and outcomes (Chapters 2, 3 and 4) of leader self-enhancement. Moreover, as indicated by the dotted line in Figure 5.1 we made a distinction between outcomes of leader self-enhancement on the team level (Chapter 3 and 4) and individual level (Chapter 2).

Theoretical Implications

The findings of the present dissertation have at least three theoretical implications for research and theory on leader self-enhancement and its consequences. These implications address the gaps in past research on leader self-enhancement that we identified in Chapter 1. First, the results in Chapters 2 and 3 showed that leaders' self-enhancement of their transformational leadership behavior indeed affects their interpersonal relationships with subordinates, both at the individual level as well as at the team level. Moreover, in Chapter 3 we showed that these disrupted relationships are associated with low leader performance. Past research already demonstrated that leader self-enhancement can negatively affect leader performance (e.g., Atwater & Yammarino, 1992; Van Velsor et al., 1993; Brutus et al., 1999). These studies suggested that *intra*-personal processes, such as leader risk taking, and leaders' lack of motivation to develop or change might be responsible for the negative relationship between leader self-enhancement and performance. Our results show that next to these *intra*-personal processes, a focus on *inter*-personal processes can lead to additional insight into the leader self-enhancement –

Figure 5.1

Overall Conceptual Model



Note: The boxes represent study variables, the arrows hypothesized relationships. The numbers on the arrows indicate in which chapter(s) of this dissertation the specific relationship is investigated.

performance relationship. As can be seen in Figure 5.1, leader self-enhancement affects inter-personal processes at both the individual level (lower LMX quality) and at the team level (more vertical conflict). Such a finding is consistent with the fact that transformational leadership is both an individual level and a group level phenomenon (Wang & Howell, 2010). Moreover, in addition to identifying leader self-enhancement of transformational leadership as a determinant of LMX quality, the results in Chapter 2 illustrate the important role of subordinate characteristics in the transformational leadership process (Howell & Shamir, 2005; Schyns & Felfe, 2006). Although most scholars agree that leadership is a relational process, “few scholars have attempted to theoretically specify and empirically assess the role of followers in the leadership process” (Howell & Shamir, 2005, p. 96). Thus, not only do our findings imply that inter-personal processes should be considered when explaining the negative effects of leader self-enhancement, but they also imply that such effects may be contingent upon subordinate characteristics.

Second, the results of our study reported in Chapter 4 addressed the gap we identified concerning the dynamic nature of leader self-enhancement. Typically, prior research has conceived of leader self-enhancement as a static, trait-like phenomenon that is stable over time and situations (see Fleenor et al., 2010). Our results show that leader self-enhancement can change over time. Moreover, we identified that leaders’ neuroticism (i.e. a dispositional factor) and leaders’ perceived meaningfulness of their work as a leader (i.e. a situationally determined factor), in interaction, determined changes in self-enhancement over time. Additionally, our results show that increases in leader self-enhancement across time are associated with decreases in performance. To our knowledge, the study presented in Chapter 4 is the first that has investigated changes in leader self-enhancement of transformational leadership over time using a large scale field study. In accordance with reasoning of scholars in the domain of self-enhancement in general (e.g. Robins & Beer, 2001; Sedikides & Gregg, 2008; Taylor & Armor, 1996), our results imply that leader self-enhancement can probably best be seen as a dynamic and ongoing process. By adopting this dynamic approach to leader self-enhancement, we extend knowledge of why and when leaders are likely to hold inflated perceptions of their leadership behavior. Moreover, our results subscribe the notion that, when investigating antecedents of organizational behavior and outcomes, we “need to carefully consider the relationship that exists between dispositional and situational factors” (Kacmar, Collins, Harris, & Judge, 2005, p. 1578).

Third, in all three studies we adopted an interpersonal approach to leader self-enhancement, thereby acknowledging that self-perceptions are not formed in isolation, but are partly shaped through interpersonal interaction (Kenny, 1994; Kwan et al., 2004). As Kwan and colleagues (2004) showed, this interpersonal approach can prevent possible confounds in the conceptualization and assessment of leader self-enhancement compared to the commonly used social comparison and self-insight approach. The results of all three studies first and foremost show that this interpersonal approach yields a measure of leader self-enhancement that can usefully be related to various measures of leader effectiveness. Specifically, the results reported in Chapter 2 showed that extracting self-enhancement as a leader's idiosyncratic positivity bias with regard to his or her leadership behavior yields an important predictor for leader effectiveness criteria above and beyond the target effect and perceiver effect; the target effect represents how positively a leader is perceived by others with regard to his or her transformational leadership, while the perceiver effect represents a general positivity bias a leader might have with regard to transformational leadership behavior. As we noted in Chapter 1, the majority of past studies on leader self-enhancement have adopted a self-insight approach by focusing on examining antecedents and consequences of self-other (dis)agreements with regard to leader attributes (for a recent review, see Fleenor et al., 2010). Thus, these past studies did not disentangle a leader's general positivity bias (perceiver effect) from the idiosyncratic self-enhancement bias regarding his or her transformational leadership, which might have biased the conclusions regarding the effects of leader self-enhancement. Our interpersonal approach differentiates between the perceiver effect, the target effect, and the idiosyncratic (self-enhancement) bias in leader self-perceptions and shows that these different components are differentially related to distinct leader effectiveness criteria.

Strengths, limitations, and future research

The studies presented in this dissertation have several particular strengths. First, we applied Kwan et al.'s (2004) interpersonal approach to leader self-enhancement that, in contrast to past research utilizing a self-insight approach, allowed us to disentangle a leader's general positivity bias regarding their leadership behavior from idiosyncratic positivity bias thereon. The results of chapter 2 showed that general positivity bias (i.e. the perceiver effect) and idiosyncratic positivity bias (i.e. self-enhancement) can have distinct effects and that separating these effects thus can lead to greater insight in leader self-

enhancement. Second, we collected data from multiple sources, i.e. focal leaders themselves, their subordinates, and their supervisors. By using data from multiple sources, we avoided problems typically associated with same source or common method bias such as inflated correlations (Spector & Brannick, 2009). And third, for all studies the data were collected in real-life organizations and teams. By conducting empirical studies in an organizational context we strengthened the external validity of our findings.

However, as with any research, the present dissertation has some limitations. To begin with, social psychological research suggests that self-enhancement is driven by two underlying motives, namely self-advancement and self-protection (Sedikides & Gregg, 2008). The reasoning in present dissertation primarily leans on the self-protection motive as a driver of leader self-enhancement. Although we argue that such a focus is valid, given the highly complex, continuously changing organizational environment and towering expectations regarding leadership, this is not to say that self-advancement motives are not at play. Indeed, several studies have recently focused, either implicitly or explicitly, on self-advancement as a driver of leader self-enhancement. For example, some studies have dealt with impression management regarding charismatic or transformational leadership abilities and behavior (e.g., Gray & Densten, 2007; Sosik, Avolio, & Jung, 2002; Sosik & Jung, 2003). Using impression management a leader “transforms follower perceptions of risk and in doing so, the leader is perceived as a winner, who is more likely to achieve goals” (Gray & Densten, 2007). From such a perspective, leader self-enhancement of transformational leadership could be seen as an attempt to improve interpersonal relationships between leader and subordinates, especially in the short term (see also Judge, Piccolo, & Kosalka, 2009). An intriguing question and an opportunity for future longitudinal research would then be when such positive effects begin to falter and the negative effects of self-enhancement ‘take over’.

Our process of data collection affects the contribution and generalizability of our results in at least two ways. First, the results reported in the studies are based on one large dataset that was acquired within two organizations. As a result, the samples used in the respective studies overlap. This overlap raises some concerns. First, the use of overlapping samples could decrease successive studies’ contributions, because there is overlap in the variables and methods used. Second, writing and publishing multiple papers based on a single dataset may lead to false conclusions about the existence and

strength of a specific relationship, for instance when such papers are considered in a meta-analysis or literature review. Therefore, in general, researchers should show restraint when considering the use of a single dataset for multiple papers and should mention when they do (Kirkman & Chen, 2011). However, Kirkman and Chen (2011) also point out that good reasons may exist to use (subsamples of) one dataset for multiple papers. One reason pointed out by these scholars is the effort needed to collect the dataset, for instance when data collection is ‘difficult and extremely time consuming’ (p. 435). Next to such a pragmatic argument, a more theoretically based argument for writing multiple papers based on overlapping data could be that the research questions answered in each of the paper are different and not easily combined into one overarching paper. The collection of round-robin data for the present studies was assumed to be difficult and time consuming and indeed has been (also see Box 1.1). Gaining and retaining trust of individual participants for the non-anonymous questionnaires proved to be hard.

Moreover, and even more important, we believe that the three studies reported each have unique contributions. The first study (Chapter 2) focused on how individual team members are affected by their self-enhancing leader. The second study (Chapter 3) is on the team level and focused on how leaders themselves are affected by their own self-enhancement. The third study (Chapter 4), although also including leaders’ outcomes focused on antecedents of leader self-enhancement and, furthermore, took a longitudinal perspective. Thus, although we recognize that in general researchers should strive for unique datasets for individual papers, we believe that strong arguments existed to choose differently for the present research project and that the studies have distinct theoretical and practical implications.

Second, the generalizability of our findings is affected by the fact that data were collected in The Netherlands, a country characterized as individualistic and low in power distance (Hofstede, 2001). The literature on self-enhancement is characterized by a fierce debate on the universality thereof (Henrich, Heine, & Norenzayan, 2010; Leary, 2007). While some researchers claim that self-enhancement is an exclusive feature of the ‘Western’ world (e.g. Heine, 2005), others claim that self-enhancement is pan cultural, but that domains in which people self-enhance differ (e.g. Sedikides, Gaertner, & Vevea, 2007). Researchers adhering to the latter perspective argue that self-enhancement in more collectivistic cultures occurs as frequently, but that in these cultures people tend to have exaggerated perceptions regarding the group

they belong to rather than regarding individual favorable characteristics. Therefore patterns of leader self-enhancement might differ between individualistic and collectivistic cultures. Also, the low power distance in the Netherlands might cause leaders to refrain from self-enhancement as their behavior is more likely to be scrutinized by subordinates. Moreover, subordinates may react more strongly to their leader's self-enhancement because such reactions are less likely to negatively impact rewards, career opportunities, etc. Although some suggestions have been made as to how cultural influences might affect leader self-enhancement (e.g., Day & Greguras, 2009; Fletcher & Perry, 2001), little to no empirical research has investigated cultural differences as situational contingencies for the rise of leader self-enhancement. Thus, future research should investigate the consequences of leader self-enhancement in multiple countries to assess potential between culture differences therein.

As with all research, we had to limit the scope of our studies. Therefore, undeniably determinants and outcomes of leader self-enhancement other than the ones depicted in Figure 5.1 could be identified and future research could focus on examining those. For example, there is some evidence that leader self-enhancement can negatively impact subordinates' attitudes towards the leader, such as satisfaction with supervision (e.g. Moshavi et al., 2003). Future research might investigate whether, in the long run, such negative affective reactions could also lead to negative affective attitudes towards the work itself, the team, or the organization, and consequently to lower identification, or higher levels of turnover. Moreover, this dissertation focuses on leader self-enhancement with regard to transformational leadership behavior. Future research might therefore focus on self-enhancement with regard to different leadership styles. In this regard authentic leadership, as an emerging field of interest, might prove to be highly interesting (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). People tend to be unaware of their own self-enhancement (Pronin et al., 2004). An intriguing question might therefore be if and how this so-called "blind spot bias" affects leaders' perceptions of their own authenticity as a leader.

Practical Implications

Our findings also have implications for organizations, organizational leaders, and management practitioners like consultants and HR-professionals. First, organizations should be aware of the tremendous pressure that is put on leaders. Because leaders are very aware of how they are seen by others (London, 2002) and because they are aware that they need to exude an image of

confidence to be considered worthy of being a leader (Chemers, 2002), they might, as a means of coping with such pressure, resort to self-enhancement (Gray & Densten, 2007). A strong focus on developing positive and confident leaders may therefore result in overly positive and overly confident leaders. This dissertation has shown the drawbacks of such leader self-enhancement by identifying its negative consequences for interpersonal and performance outcomes.

Although raising awareness of self-enhancement bias may prove an important first step, simply pointing out to leaders that their self-perceptions are likely to be overly positive might not yield significant results, because people generally believe they are affected less by such biases than others (Pronin et al., 2002). Better results might be obtained by regularly monitoring leaders' perceptions regarding their behavior. Upward and 360-degree feedback programs have proven to have some effect in increasing the performance of leaders who overestimate their abilities (e.g., Johnson & Ferstl, 1999). The interpersonal approach applied in this dissertation might prove to be an effective, and accurate, way of giving organizational leaders information on if, and how, their own perceptions regarding their leadership are biased.

In collaboration with a local consultancy firm we organized feedback sessions for leaders from one of the participating organizations in our research. During these sessions we provided leaders with feedback on how they perceived their own transformational leadership and how their subordinates had rated them. In some cases, this procedure led to quite 'painful' feedback regarding specific behaviors, with gaps between own and others' perceptions as large as 4 points on a 7 point scale. We provided leaders with additional information that could help them interpret such outcomes. Such information not only consisted of theoretical background on leadership and self-enhancement, but also of more qualitative feedback regarding leaders' behaviors that originated from interviews with participants. However, we recognized that this feedback and information alone would be 'too little' because self-enhancers are likely to discard or distort negative feedback they receive or to attribute failure to sources other than themselves (e.g. Blaine & Crocker, 1993). Indeed, our experience during these sessions was that some participants were quick to search for external factors in explaining gaps in self and others' perceptions. Therefore, we urged participants to discuss the results with their subordinates and provided them with help on how to initiate such feedback sessions in their own teams. Follow-up activities, such as discussing the acquired feedback with

subordinates, might prove useful as it allows leaders to verify their interpretation of the feedback and increase their accountability for actually using the feedback (Walker & Smither, 1999). Although we were not in the position to do follow-up measurements on the effect of our intervention, we did receive encouraging and promising reactions from those participants who indeed discussed their feedback with their team.

Concluding Remarks

This dissertation started with a quote and a small narrative from Ovid's *Metamorphoses*. The myth of Daedalus and Icarus is an example of self-enhancement and its consequences in more than one way. Obviously, Icarus is overly positive of his ability to fly and suffers the consequences. However, less commonly known, the myth also deals with Daedalus' self-enhancement. Daedalus believes he can transgress the laws of nature by creating wings to fly from Crete. Although Daedalus seemingly leads himself and his son to freedom, he faces the gravest of interpersonal consequences as he sees his son Icarus plunge to his death. As such the myth also illustrates the potentially severe interpersonal consequences of self-enhancement by those who lead others³. The findings in the present dissertation subscribe to these negative interpersonal consequences of leader self-enhancement. However, we are optimistic that these findings, together with our interpersonal approach to leader self-enhancement can be used to provide leaders with knowledge and insight into their potentially inflated perceptions regarding their leadership behavior and thus serve as a starting point for adjustment.

³ This section is loosely based on Faber's (1998) excellent dissection of the Daedalus and Icarus legend.

Summary

Leader self-enhancement has become a major topic of interest over the last decade. Corporate scandals and financial crises have been attributed to CEO over-estimation and over-confidence. However, leader self-enhancement is not confined to the top management domain, but pervades all organizational layers. Therefore, it comes as somewhat of a surprise that relatively little research has focused on leader self-enhancement, especially when compared to the vast research attention self-enhancement in general has received. The present dissertation aims to further advance theory and research on leader self-enhancement by examining the interpersonal consequences of leaders' overly positive self-perceptions and how these affect their effectiveness.

In Chapter 1, we give an overview of the currently available research on leader self-enhancement and identify specific gaps. The overview suggests that leaders may self-enhance because of the pressure they feel to live up to the stereotypical image of a strong and confident leader, but also that leaders' overly positive self-perceptions may hamper their leadership effectiveness. Based on this review, we identify three gaps in the leader self-enhancement literature that we want to address in this dissertation. First, almost all research on leader self-enhancement has taken a self – other (dis)agreement approach, which compares leaders' self-perceptions with how others (for instance their subordinates) see them. However, research within the domain of social psychology has shown that such an approach can lead to biased estimates of self-enhancement. For instance, with the self-other (dis)agreement approach one can establish that leaders' self-perception of their leadership behavior is more positive than their subordinates' perception thereof, but not whether this positivity bias can be attributed to a general positivity bias in perceiving (leadership) behavior or to an idiosyncratic positivity bias in self-perceptions, i.e. self-enhancement. Second, prior explanations offered by scholars for the negative relationship between leaders' self-enhancement and their performance, have almost exclusively focused on leaders' own behaviors or cognitions. For instance, self-enhancing leaders are assumed to lack an urge for self-development, because they falsely believe they already display adequate leadership behavior. Although such leader-focused explanations are valuable, research has overlooked the importance of the interpersonal consequences of leader self-enhancement. Research on self-enhancement in general has shown that we generally do not like people who self-enhance. As leadership is an

interpersonal influence process by definition, disturbances of the leader – subordinate relationship may seriously affect a leader's potential to be effective. And third, self-enhancement in general is conceived of as a dynamic phenomenon that ebbs and flows based on situational demands. However, the majority of studies have taken a static approach to leader enhancement by conceiving of leaders' overly-positive self-perceptions as stable across time and situations.

Related to the first gap in the literature, we report an empirical study in Chapter 2 that adopts a so-called interpersonal approach to leader self-enhancement. We argue that the positivity of leaders' self-perceptions with regard to their transformational leadership behavior is determined by a) how well they actually perform, b) a general positivity bias a leader has with regard to leadership behavior, and c) an idiosyncratic positivity bias, or self-enhancement, with regard to their leadership behavior. We demonstrate that leaders' self-perceptions can meaningfully be disentangled into these three factors. Subsequently, we argue that leaders who self-enhance with regard to their transformational leadership will develop and maintain lower quality exchange relationships with their subordinates because they, due to their overly positive beliefs, mistakenly assume they invest sufficient effort in the exchange relationships with their subordinates. We report results from a study amongst 60 team leaders, showing that a leader's idiosyncratic positivity bias (i.e. self-enhancement) is related to lower-quality exchange relationships between the leader and his or her subordinates. In addition, the results show that not all subordinates will react equally negative to a self-enhancing leader. Especially subordinates who are extraverted, and therefore have a high need to build strong relations with people in general, will report a lower-quality exchange relationship with their leader.

In Chapter 3 we further focus on the negative impact of leader self-enhancement on the interpersonal process between leader and subordinates, but now switch to the team level of analysis. Research on self-enhancement in general has shown that people tend to dislike self-enhancers and that their overestimation is met with resentment and anger. Moreover, self-enhancement has been extensively linked to self-serving attributions. Based on such research we argue that leader self-enhancement is likely associated with conflict between leader and subordinates, and that such vertical conflict will concern both task and relationship issues. Moreover we argue that this vertical conflict will consequently be related to lower leader performance. We tested these

hypotheses using a sample of 52 team leaders and their teams. The results indicated that leaders' self-enhancement of their transformational leadership behavior was associated with both vertical task and vertical relationship conflict. The results also indicated that leaders' self-enhancement negatively affected their performance. Surprisingly however, only vertical task conflict, and not vertical relationship conflict mediated the negative relationship between leaders' self-enhancement and their performance.

Chapter 4 focuses on the dynamic nature of leader self-enhancement. Although self-enhancement has been conceived of as a dynamic phenomenon, which ebbs and flows across different situations, much of the research on leader self-enhancement has either implicitly or explicitly taken a static approach. We predicted that, although leaders' dispositions may make them more prone to self-enhance, situational triggers determine leaders' actual self-enhancement. Specifically, we argue that leaders' neuroticism and the meaningfulness they attach to their leadership at a given moment in time jointly determine whether their self-enhancement increases over time. Moreover, we argue that increased self-enhancement will be associated with decreased performance. We test our expectations using longitudinal data from 44 managers. Data were collected at two moments in time, spanning a period of 14 months. The results showed that leaders' neuroticism and perceived meaningfulness of their work indeed jointly predicted an increase in self-enhancement of their leadership behavior over time. Our expectation that such an increase in leader self-enhancement would be associated with a decrease in performance was also confirmed.

The results of the three studies are summarized, integrated, and discussed in Chapter 5. We conclude that the empirical studies reported in this dissertation show that research on leader self-enhancement can benefit from taking an interpersonal approach to this phenomenon. Our results show that the negative consequences for leader performance can indeed be explained by the disruptive effect of leader self-enhancement on the relationship between leaders and their subordinates. In addition, we recommend that researchers concentrate more on the dynamic nature of leader self-enhancement as our results show that leader self-enhancement is not stable across time and situations. Further, an important conclusion that especially practitioners need to take into account is that we – they – put enormous pressure on leaders to be good, strong, and confident leaders. It may very well be that leaders, in an attempt to meet such demands, resort to self-enhancement as a means 'to keep

up appearances'. However, we also recognize that the pressure on leaders and leadership is not likely to wane and therefore we discuss several strategies that leader development programs could adopt to a) raise leaders' awareness of a potential tendency to self-enhance, and b) assess whether a leader indeed self-enhances. Feedback, and especially feedback seeking by the leader, may prove valuable to "battle" self-enhancement and its consequences.

Samenvatting

Zelfoverschatting bij leidinggevenden staat het afgelopen decennium volop in de schijnwerpers. Bedrijfsschandalen en financiële crises worden toegeschreven aan overschatting en overmoed van CEO's. Zelfoverschatting komt echter niet alleen voor bij het topmanagement, maar is te vinden in alle lagen van de organisatie. Het is daarom enigszins verrassend dat relatief weinig empirisch onderzoek is verricht naar zelfoverschatting bij leidinggevenden, zeker in vergelijking met de ruime aandacht die zelfoverschatting in het algemeen gekregen heeft. De huidige dissertatie heeft tot doel om bij te dragen aan theorievorming over en onderzoek naar zelfoverschatting bij leidinggevenden door te kijken naar de interpersoonlijke consequenties van een té positief zelfbeeld bij leidinggevenden en hoe dit hun effectiviteit beïnvloedt.

In Hoofdstuk 1, geven we een overzicht van het tot nu toe verrichte onderzoek naar zelfoverschatting bij leidinggevenden en identificeren we specifieke hiaten. Het overzicht laat zien dat de druk om te voldoen aan het stereotype beeld van een sterke, zelfverzekerde leider een reden is voor zelfoverschatting bij leidinggevenden. Ook laat het overzicht zien dat een té positief zelfbeeld de effectiviteit van leidinggevenden ondermijnt. Op basis van het overzicht, identificeren we drie hiaten in de literatuur over zelfoverschatting bij leidinggevenden die we in deze dissertatie willen adresseren. Ten eerste gebruikt het overgrote deel van onderzoek naar zelfoverschatting bij leidinggevenden een *self – other (dis)agreement* benadering, waarbij het zelfbeeld van leidinggevenden vergeleken wordt met het beeld dat anderen (bijvoorbeeld hun medewerkers) van hen hebben. Echter, sociaal-psychologisch onderzoek toont aan dat een dergelijke benadering kan leiden tot een verkeerde beoordeling van zelfoverschatting. Zo kan bijvoorbeeld met de *self – other (dis)agreement* benadering worden aangetoond dat het zelfbeeld van leidinggevenden met betrekking tot hun leiderschapsgedrag positiever is dan het beeld dat hun medewerkers daarvan hebben. Er kan echter niet inzichtelijk worden gemaakt of dit té positieve beeld toegeschreven moet worden aan een algemene neiging van leidinggevenden om leiderschapsgedrag té positief in te schatten of aan een idiosyncratische neiging tot over-positiviteit van hun eigen leiderschapsgedrag, oftewel zelfoverschatting. Ten tweede, verklaringen die wetenschappers tot nu toe hebben aangedragen voor de negatieve relatie tussen zelfoverschatting en de prestaties van leidinggevenden hebben zich voornamelijk gericht op het gedrag of de cognities van de leidinggevende zelf.

Zo zouden zichzelf overschattende leidinggevers niet geneigd zijn zich te ontwikkelen omdat zij er, onterecht, vanuit gaan dat hun leiderschapsgedrag al op niveau is. Ondanks het feit dat zulke, op de leider gerichte verklaringen, waardevol zijn, gaan deze voorbij aan de interpersoonlijke gevolgen van zelfoverschatting. Onderzoek naar zelfoverschatting in het algemeen laat zien dat we mensen die zichzelf overschatten over het algemeen niet mogen. Aangezien leiderschap per definitie een interpersoonlijk proces is, zouden verstoringen in de relatie tussen leidinggevende en medewerker als gevolg van zelfoverschatting een serieus probleem kunnen vormen voor de effectiviteit van leidinggevers. Ten derde, zelfoverschatting wordt gezien als een dynamisch fenomeen dat toe- en afneemt op basis van de noodzaak daartoe in de omgeving. Echter, het merendeel van het onderzoek heeft gekozen voor een statisch benadering van zelfoverschatting bij leidinggevers door een té positieve zelfbeeld bij leidinggevers op te vatten als stabiel over tijd en situaties.

Inhakend op het eerste punt, rapporteren we in Hoofdstuk 2 een empirische studie waarbij we gebruik maken van een zogenaamde interpersoonlijke benadering van zelfoverschatting. We beredeneren dat het zelfbeeld van leidinggevers over hun transformationele leiderschap meer of minder positief is op basis van a) hoe goed ze daadwerkelijk zijn, b) een algemene neiging om leiderschapsgedrag meer of minder positief te ervaren, en c) een idiosyncratische neiging om eigen leiderschapsgedrag meer of minder positief in te schatten, oftewel zelfoverschatting. We laten zien dat oordelen van leidinggevers over zichzelf op een zinnige manier ontleed kunnen worden in deze drie componenten. Vervolgens beargumenteren we dat leidinggevers die zichzelf overschatten als het gaat om hun transformationeel gedrag een kwalitatief lagere uitwisselingsrelatie hebben met medewerkers, omdat zij, door hun overschatting, te weinig investeren in die uitwisselingsrelatie met medewerkers. We rapporteren een studie onder 60 teamleiders waaruit blijkt dat zelfoverschatting gerelateerd is aan kwalitatief lagere uitwisselingsrelaties tussen leidinggevers en medewerkers. Bovendien laten de resultaten zien dat niet alle medewerkers op een gelijke wijze reageren op zichzelf overschattende leidinggevers. Vooral extraverte medewerkers, die van nature op zoek zijn naar hechte persoonlijke relaties, rapporteren een uitwisselingsrelatie van lagere kwaliteit met hun leidinggevende.

In Hoofdstuk 3 gaan we verder in op de negatieve invloed van zelfoverschatting bij leidinggevers op het interpersoonlijke proces tussen

leidinggevende en medewerkers, waarbij we ons nu richten op het analyseniveau van het team. Onderzoek naar zelfoverschatting laat zien dat we zelfoverschatters over het algemeen niet mogen en dat hun overschatting leidt tot wrevel en boosheid. Bovendien wordt zelfoverschatting stelselmatig gelinkt aan egocentrische attributies. Op basis van dergelijk onderzoek beargumenteren we dat het aannemelijk is dat zelfoverschatting van leidinggevend^{en} samenhangt met conflict tussen leidinggevende en medewerkers en dat dergelijk *verticaal conflict* zowel werkgerelateerde als niet-werkgerelateerde zaken aangaat. Bovendien beargumenteren we dat dit verticaal conflict vervolgens samenhangt met lagere prestaties van leidinggevend^{en}. We toetsen onze hypothesen met behulp van een steekproef van 52 leidinggevend^{en} en hun teams. De resultaten laten zien dat zelfoverschatting door leidinggevend^{en} met betrekking tot hun transformationeel leiderschap samenhangt met verticaal conflict over zowel werkgerelateerde als niet-werkgerelateerde zaken. Bovendien laten de resultaten zien dat zelfoverschatting bij leidinggevend^{en} negatief samenhangt met prestaties. Verrassend genoeg medieerde alleen verticaal conflict over werkgerelateerde zaken de relatie tussen zelfoverschatting door leidinggevend^{en} en hun prestaties.

Hoofdstuk 4 richt zich op het dynamische karakter van zelfoverschatting door leidinggevend^{en}. Zelfoverschatting wordt meestal opgevat als een dynamisch fenomeen dat toe- of afneemt naar gelang de situatie daartoe aanleiding geeft. Desondanks heeft veel onderzoek naar overschatting bij leidinggevend^{en} impliciet of expliciet een statische benadering gekozen. We beargumenteren dat, ondanks het feit dat dispositionele factoren leidinggevend^{en} meer of minder vatbaar maken voor zelfoverschatting, situationeel bepaalde factoren bepalen of zelfoverschatting daadwerkelijk plaatsvindt. Specifiek beargumenteren we dat neuroticisme en de betekenis die leidinggevend^{en} op enig moment verbinden aan hun leiderschap gezamenlijk bepalen of zelfoverschatting toeneemt over de tijd. Bovendien beargumenteren we dat een toename in zelfoverschatting samenhangt met een afname in prestaties. We testen onze voorspellingen op basis van longitudinale gegevens van 44 leidinggevend^{en}. De data zijn verzameld op twee meetmomenten met een tussenpoos van 14 maanden. De resultaten laten zien dat neuroticisme bij leidinggevend^{en} en de betekenis die zij hechten aan hun werk gezamenlijk bepalen of zelfoverschatting van leiderschapsgedrag toeneemt over tijd. Ook onze verwachting dat een dergelijke toename in zelfoverschatting samenhangt met een afname in prestaties werd bevestigd.

De resultaten van de drie studies worden in Hoofdstuk 5 samengevat, geïntegreerd en bediscussieerd. We concluderen dat de empirische studies in deze dissertatie laten zien dat onderzoek naar zelfoverschatting bij leidinggevendenden gebaat is bij een interpersoonlijke benadering van dit fenomeen. Onze resultaten tonen aan dat de negatieve consequenties voor de prestatie van leidinggevendenden inderdaad verklaard kunnen worden doordat zelfoverschatting de relatie tussen leidinggevende en medewerkers verstoort. Bovendien doen we de aanbeveling dat wetenschappers zich meer zouden moeten richten op het dynamische karakter van zelfoverschatting bij leidinggevendenden aangezien onze resultaten laten zien dat dit fenomeen niet stabiel is over tijd en situaties. Een belangrijke conclusie specifiek voor de praktijk is dat de enorme druk op de schouders van leidinggevendenden om sterke, zelfverzekerde leiders te zijn het aannemelijk maakt dat leidinggevendenden, in een poging het hoofd te bieden aan die druk, hun toevlucht nemen tot zelfoverschatting. Het valt echter niet te verwachten dat de druk op leidinggevendenden zal afnemen en daarom bespreken we verschillende strategieën die management development programma's kunnen aanwenden om a) leidinggevendenden bewust te maken van hun potentiële neiging tot zelfoverschatting en b) vast te stellen of een leidinggevende zichzelf ook daadwerkelijk overschat. Feedback, en dan vooral het actief vragen om feedback, kan voor leidinggevendenden een waardevol middel zijn om zelfoverschatting en de consequenties daarvan te "bestrijden".

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Niels van der Kam
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